# Daily Report

# Latin America

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## Latin America

*FBIS-LAT-92-133* *10 July 1992*

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## Brazil

Rio de Janeiro TV reports on Collor's views regarding the debt accord with international financial institutions, signed in New York, reducing the country's debt by 35 percent or approximately $14 billion. Collor stated: "It has been a good agreement and it has been negotiated in a dignified and sovereign manner." The president stated that the agreement "puts an end to the long and strenuous soap opera of our relations with the international financial community." Collor added "we acquired freedom of action and renewed the possibilities of having a more effective economy." In an interview with Rio de Janeiro TV, Economy Minister Marques said, "this agreement gives a really long-lasting respite."

## Cuba

Havana radio reports on the International Seminar on Drugs attended by 16 nations in Havana. Colonel Ramon San-ye of the Cuban Drug Control Department stated, "although the Caribbean's struggle against drug trafficking commits its people to preventing the entry of harmful substances, the root of the problem lies in the consumer countries, and the United States is the major consumer in our area. That is why we demand that the United States guarantee adequate control of its ports and bar access to persons who seem to be linked to such activities, particularly those with previous records." Many traffickers "have cases pending in the United States." The seminar issued a declaration condemning the recent ruling issued by the U.S. Supreme Court, "the fight against drug trafficking should rest on unlimited respect for the sovereignty of states, and no country is empowered to dictate standards and impose its will by force." It added that "the countries of Latin America and the Caribbean are not drug havens but rather drug victims."

## Cuba

### Vice Minister on Country's Role in Caricom

*PA0907140292 Havana Radio Havana Cuba in Spanish 0100 GMT 8 Jul 92*

[Interview with Foreign Affairs Vice Minister Ramon Sanchez-Parodi by Barbara Betancourt on 8 July; place not given—recorded]

[Text] [Betancourt] Friends, today we will talk with Foreign Affairs Vice Minister Ramon Sanchez-Parodi about his participation in the inauguration ceremony of the 13th conference of heads of state of Caribbean Common Market [Caricom] member countries; that is, the English-speaking countries of the Caribbean. Parodi, we would like to know how Cuba's invitation to participate in Caricom came about. I understand this is not the first time it has happened.

[Sanchez-Parodi] That is right. Cuba has been invited to attend at least the past three conference inauguration sessions of Caricom heads of state and to keep up with the conference's work. On this occasion, the host nation, that is the Trinidad and Tobago Government, sent the Cuban Government an invitation to be present at this inauguration session. In addition, just prior to the conference's preparatory work, a group of Cuban officials led by Lazaro Cabezas, Cuban ambassador to Trinidad and Tobago, Barbados, The Bahamas, and Santa Lucia, met in Port-of-Spain, Trinidad. They took advantage of the occasion to present Cuba's official request to create a joint commission for Cuban-Caricom cooperation. They also requested observer status for Cuba in some Caricom organizations; that is, in some work committees.

[Betancourt] Were those two Cuban requests discussed at the meeting you attended?

[Sanchez-Parodi] Yes. The preparatory meeting presented a report on the issue to the heads of state. They, in turn, analyzed the matter in a private meeting. As far as we know, following the rules of unanimous approval that prevails in those meeting, they agreed—taking into account the development of Cuban relations with Caricom nations in recent years—to create the joint Cuba-Caricom commission that will begin operating shortly and will analyze cooperation programs in diverse fields. They also decided to postpone—I imagine until next year—the possibility of offering Cuba the observer status, at least in some organizations. The matter involves analysis, preparation, and considerations, and that takes some time. Therefore, the heads of state could not make a decision now, given the short time....

[Betancourt, interrupting] [Words indistinct] will happen.

[Sanchez-Parodi continues] ....because Cuba's request was made very close to the summit meeting. There was not enough time for the normal process that must be taken into consideration. Nevertheless, it was agreed: first, to establish the joint commission; and second, to analyze subsequently the observer status for Cuba in some organizations.

[Bethancourt] You said the rapprochement, the ties between Cuba and the Caribbean, have become—let me put it this way—quite noteworthy in the recent past. I say noteworthy because since the U.S. invasion of Grenada there was a distancing, maybe even a retreat, in relations and links that Cuba had maintained with the Caribbean since the 1970's. Why this change? Do both sides have something to do with this new situation?

[Sanchez-Parodi] Yes. No doubt both parties have something to do with this new situation. Relations between Cuba and the English-speaking Caribbean were affected by the U.S. invasion of Grenada. We must remember that when the Caribbean countries became independent in 1972—I am referring to Trinidad and Tobago, Guyana, Barbados, The Bahamas, Jamaica—they decided to begin simultaneously the integration work and to establish relations with Cuba in what could be termed the first act of defiance to the U.S. blockade against Cuba. Afterward, the invasion of Grenada affected our relations. More recently—I am referring to the 1990's—conditions and circumstances for both sides have changed. Cuba felt it necessary to continue working to strengthen the integration process—both in Latin American and especially in the Caribbean. English-speaking Caribbean countries also saw the need to broaden their links beyond the narrow framework of other anglophone countries. I therefore believe that both decisions coincided in time and place, thus favoring the process experienced by both sides over these past years of deeper and broader relations.

[Betancourt] I believe that Cuba's entry into the Caribbean tourist organization is a signal that should be kept in mind regarding Cuba's possibilities in the Caribbean. Aside from Cuba's guaranteed observer status in certain Caricom commissions and committees, how can our economies integrate? How can they complement one another?

[Sanchez-Parodi] There are many important aspects. I mentioned trade and, of course, tourism. Trade does have the potential for development. For this to take place, we need to improve sea and air transportation facilities and telecommunications, like telephone service, between our countries. One condition affects the other. Without proper communications it is very difficult to develop trade, so this is an important aspect that needs work. The other thing is that our economies are similar. As developing, third world countries, we have many aspects in common. This is especially true in research and technology. Developing countries are concerned with developing their technology, adjusted to their own interests, conditions, climate, and territory. We, who have a similar climate, territory, and needs as tropical developing countries, such as in the field of livestock production, agriculture, and medicine, are able

to provide a broad framework of cooperation and assistance in these fields. We need to exploit this cooperation potential.

[Betancourt] If you evaluate this meeting and the reception Cuba received, could you say that Cuba's prospects in the Caribbean context are favorable?

[Sanchez-Parodi] Yes. Undoubtedly prospects are favorable because these countries' heads of state and leaders unanimously advocated an increase in ties because of the viability and benefits for all of us. This meeting served to arrive at a general consensus by all heads of state on the need to broaden Caricom's activities. This will reflect positively on relations with Cuba.

[Betancourt] Many thanks, Sanchez-Parodi, for your statements to Radio Havana Cuba.

## International Seminar on Drugs Held in Havana

### Interior Official Cited

*FL0907213192 Havana Radio Rebelde Network in Spanish 2300 GMT 8 Jul 92*

[Report by Belkis Joglar Cairuz from the Havana Convention Center on the "Exclusivo" program]

[Text] According to the UN program for international drug control, Cuba ranked among the top 10 countries of the American continent in intercepting the illegal transit of cocaine and marijuana during 1990. Ramon San-ye, the head of the Ministry of Interior's [Minint] Antidrug Department, said that this has required the allocation of valuable resources for this purpose, as well as arduous work by our Revolutionary Armed Forces and Minint.

[Begin San-ye recording] In Cuba, the population is not alien to this struggle; it does not turn its back on that scourge but instead combats it. Proof of this are the innumerable finds of both cocaine and marijuana that men and women of the masses have turned over to the authorities, as well as the population's direct participation in surveillance operations and the capture of groups of drug traffickers.

This is possible in a country where drugs do not constitute a social problem and where socioeconomic conditions that force people to live off drugs do not exist. Unfortunately, other countries that are not, in general, producers of illegal drugs and are just used for the transit of drugs in one way or another have become consumers due to the penetration this traffic imposes upon them. This penetration is already giving rise to alarm in the region. This is not the case in Cuba. [end recording]

The results Cuba obtains in detecting drugs are due to the national defense system, with the active participation of the population in the struggle against this scourge of mankind.

[Begin San-ye recording] We have even had what we could term heroic acts by fishermen, who have put their vessels across the paths of drug traffickers, to prevent their escaping from our country. They have even done this without weapons, at risk to themselves, in order to fulfill a national duty. The ordinary people know what to do, and that is what has really made possible a sufficiently progressive level of interdiction in the last few years. [end recording]

The international seminar on drugs currently underway at the Convention Center and attended by representatives of 10 countries will end tomorrow afternoon [9 July] after three days of work.

### Report on Second Day

*PA1007034692 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Jul 92*

[Marianela Samper Report]

[Text] The International Seminar on Drugs, Latin America, and the Caribbean opened on 6 July in Havana. The participants devoted most of the second day to analyzing the transshipment of drugs through the Caribbean and how it effects countries in the region.

(Timothy Maher), British customs representative in the Caribbean, participated in the talks and said that area products such as rum and bananas are exported to Europe in bulk. Drug traffickers take advantage of that arrangement and pack as much as one tonne of marijuana in the cargo. He emphasized that the situation leads to restrictions on merchandise, and shipping lines refuse to carry the cargo, both of which have a negative impact on the area's fragile economies. (Maher) stressed the importance of combining efforts in the struggle against that scourge of mankind.

The ministers, attorneys, and experts attending the seminar were very interested in the report presented by Colonel Ramon San-ye of the Cuban Drug Control Department who said the island ranks high among the 10 countries in the hemisphere that seized cocaine and marijuana in 1990. San-ye explained that although the Caribbean's struggle against drug trafficking commits its people to preventing the entry of harmful substances, the root of the problem lies in the consumer countries, and the United States is the major consumer in our area. That is why we demand that the United States guarantee adequate control of its ports and bar access to persons who seem to be linked to such activities, particularly those with previous records.

[Begin San-ye recording] Why do we have this point of view? Because we have specific evidence that some drug traffickers captured in our waters with cocaine shipments have cases pending in the United States for illegal drug trafficking. Nonetheless, they are moving about freely and were able to leave the United States. We have also brought this up because the United States has insisted on the need to [words indistinct] more illegal maritime trafficking based on Article 17 of the 1988

Convention. This convention clearly specifies the possibility of intercepting, boarding, and inspecting ships, particularly those suspected of carrying drugs. In addition, there is a precedent. [Words indistinct] the Hermann incident when the United States, using the 1988 treaty—which had not been ratified—and violating the principles contained in Article 17 that states the lives of the crew and the cargo itself cannot be jeopardized when boarding a ship, violated [words indistinct] the article when it strafed the Cuban ship [words indistinct] suspicions of drug trafficking when they knew it carried no drugs because it had sailed from a Cuban port. [end recording]

Cuba's report said that from 1990 to the present, the Coast Guard has captured 36 narcotics traffickers, 50 percent of whom are Cubans residing in the United States and from whom approximately one tonne of cocaine has been seized. The document emphasizes the direct participation of the people in observation operations and captures of narcotics traffickers. That operation has been successful on our coasts, and it has served as an example for other Caribbean nations that are now engaging in similar actions.

The International Seminar on Drugs also discussed other subjects such as interdiction, militarization, and interventionism in Latin America and the Caribbean; the demand for drugs and its influence on the economic, political, and social factors of producing nations; and the rehabilitation of drug addicts. The summit participants will be able to view the effective rehabilitation program for drug addicts in Cuba at the Psychiatric Hospital of Havana.

### Seminar Issues Declaration

*FL1007013092 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Jul 92*

[Report by Belkis Joglar Cairuz on the "Exclusivo" program]

[Text] The final declaration of the international seminar on drugs stated that the fight against drug trafficking should rest on unlimited respect for the sovereignty of states, and no country is empowered to dictate standards and impose its will by force. The seminar was held during three days in Havana with attendance by 16 countries. It rejected the U.S. Supreme Court decision to enforce its laws extraterritorially, saying that this is contrary to the basic principles of international law.

The document stressed that the countries of Latin America and the Caribbean are not drug havens but rather drug victims, and stated that the organizations for drugs and those who obtain the most profits from them are located in other latitudes and speak another language.

As a essential basis for confronting the drug problem, they evaluated not only actions in the centers of production and trafficking, but also in the major centers of consumption. Due to the increasing scope of illicit drug production, trafficking and consumption, the 16 countries that attended the international seminar on drugs agreed to join forces and wills to promote bilateral and multilateral cooperation among all the continent's countries.

### Work Centers To Halt Work Due To Fuel Shortage

*FL1007004892 Havana Radio Rebelde Network in Spanish 2300 GMT 9 Jul 92*

[Report by Demetrio Villa Urrutia on the "Exclusive" program]

[Text] Jorge Lezcano, a member of the Politburo and the first secretary of the Communist Party of Cuba for Havana City, has said that a new reorganization of work places in Havana is now being implemented in the capital. Speaking to representatives of the labor union movement in Havana, Lezcano stated that the country's current fuel situation requires that some centers in Havana halt work temporarily during July and August.

[Begin Lezcano recording] But how are we going to shut down these work centers? Because we have to do this without demobilizing people. We cannot send people home. So the first thing we must do in the factories that are going to be shut down during these months is to discuss this in political terms, because this cannot be done administratively. We must discuss this in political terms with the workers. I think that the country needs them now, at this time, in agriculture and not at home. So we need all those who are physically capable of working in agriculture to work in agriculture now.

But there are many people who cannot work in agriculture. We will handle them differently. Then there are workers who have vacations; they have accumulated vacation time. We can let them take their vacations. Then there are other activities we need people to do. There are these things we have been discussing: more bus inspectors, more of the inspectors that people call the "yellow-shirts." Because people are demanding more inspectors, but there are not many people who want to be inspectors. So we need people who want to be inspectors so that they will help to organize transportation. [end recording]

In his speech, Lezcano stated that there are tasks that now demand an effort by everyone, and he cited the biotechnology and food programs as examples. The latter will need more than 18,000 Havana residents in the immediate future to carry out various types of work in agriculture in Havana Province. He noted that serious efforts are being made to alleviate the current transportation situation, and this will involve the incorporation of more than 150 trucks to help in transporting Havana residents to different places, as well as an increase in the number of inspectors.

[Begin Lezcano recording] We must be aware that the strategy the party and the revolution have set out is the

right one. No one should start to think about or seek any other alternative or strategy, because there is no alternative or strategy other than the one we have set out in order to confront this situation of the special period, overcome this situation of the special period, and develop even during the special period. That is the clear and correct strategy. [end recording]

Lezcano stressed once more that our capital will not stop, and the workers here will know how to respond as they have always done.

### Fuel Limitations Cause More Power Outages

*FL0907145792 Havana Radio Reloj Network in Spanish 0203 GMT 9 Jul 92*

[Text] The availability of fuel has established a limit to electricity generation and to the daily consumption by each province in the country. These limits must not be exceeded. The efforts made to guarantee the current levels of electricity are extraordinary. These efforts are being made to supply service to the higher-priority activities and sectors of the country such as waterworks, cold storage facilities, hospitals, biotechnology, homes, exportable goods, etc..

The state sector has decreased its consumption by 25 percent in response to the need to save energy and the production problems that have occurred. In other words, the reductions are great and the effects on production have obviously also been great. During these days when the power outages have increased, the state sector has deactivated important centers to avoid further power cuts to residences.

No state enterprise should surpass its consumption quota. We need to apply measures aimed at reducing the electric consumption in the state sector with more vigor since there is no alternative. Electric service to enterprises that unjustifiably surpass their consumption plans will be interrupted. No one has the authority to exceed the consumption plan that has been assigned to them in a prioritized manner. In addition to power cuts to the largest consumers in the state sector, there is the possibility of applying individual fines to noncompliers in the minor state sector. The minor state sector consists of retail store networks, restaurants and services, cattle farms, schools, theaters, museums, warehouses, workshops, polyclinics, pharmacies, and other entities.

Lidio Ramon Perez, vice general director of the Electric Union, said that no province will be allowed to exceed its daily quota, and if it were to do so, its electric service would have to be adjusted to compensate for the excess.

From January to May, the residential sector in general met its assigned electric consumption plan; from the beginning of June to-date, electric consumption increased and the number of homes that met the assigned quota decreased. During these months, when electricity consumption increases for various reasons, it is necessary to adjust ourselves to the monthly plan since there is no alternative. Overall consumption is recovered with bothersome power outages. These power outages can be reduced proportionate to individual home compliance with the assigned plan.

Through the offices that direct and operate the national electric system in each province, daily compliance with the assigned consumption plan will be monitored. Any province that surpasses its assigned rate will have to limit its consumption proportionately. For that reason, the power outages will be organized in such a manner that warning can be given, beforehand, of the time when the electric service will be disconnected.

### * Changes in Constitution Explained

*92P40224A Havana BOHEMIA in Spanish No 26, 26 Jun 92 pp 41, 42*

[Interview with Dr. Eduardo Lara Hernandez, member of the committee studying changes in the Cuban Constitution, by Susana Tesoro; place and date not given—first paragraph is BOHEMIA introduction]

[Text] After more than two years of study, research, discussion, and hard work, the committees appointed to study changes in the Constitution have delivered to the National Assembly draft proposals for changes to the Constitution of the Republic of 24 February 1975. Dr. Eduardo Lara Hernandez, who assisted in drafting the Constitution in 1975 and the changes now being proposed, discussed details of the suggested modifications with BOHEMIA.

[Tesoro] We know that our people's aspirations are no different than they were in 1975. Therefore, why do we need to amend the Constitution?

[Lara Hernandez] Constitutional reform is necessary in order to adjust to the development of the revolutionary process based on experience gained in the Constitution's 16 years of existence. The law is as evolving as life itself; it does not remain static. Our Constitution cannot be an intangible standard; it must be a reflection of this reality. For this reason rigidity is unacceptable; we recognize the urgency of reform when the circumstances warrant it.

#### A Referendum Is Unnecessary

[Tesoro] Is it true that—according to the present Constitution—if more than half of an article is changed, the text must be approved by a referendum?

[Lara Hernandez] The Constitution can only be reformed by the National Assembly through an accord passed by at least two-thirds of the total number of its members. Ratification by a majority of citizens who are eligible to vote in a referendum is also required if the entire article is changed, if the change refers to the membership and powers of the National Assembly or the Council of State, or if it refers to laws or duties sanctified in the Constitution itself. This is established in the clause on reform in Article 141. This is not the case in this

instance. There is no mention anywhere of reform of more than half of an article. With regard to the precepts targeted by reform, I should point out that 65 articles will remain unchanged; 34 will be amended; and 42 will be updated in light of current circumstances.

[Tesoro] What important changes are planned?

[Lara Hernandez] Among the major innovations we could mention: adjusting the Preamble—a beautiful expression of historic awareness and national ideology—to the current situation.

Next we have specifications in some articles in the Chapter on Political, Social, and Economic Foundations of our State, particularly in regard to: a broader and more concise text defining the Cuban State; declaring Spanish the official language; eliminating mass organization designations to avoid having a Constitution that is outdated should their names change; and defining the secular nature of the State and the same consideration to the different religions and beliefs. In addition, the reformulation and order of importance of anti-imperialist and internationalist principles of the Republic and establishing, as number one, peace with dignity and the reaffirmation of Cuba's integration and cooperation with the countries of Latin America and the Caribbean, as well as consideration of juridical support and guarantees to foreign investors and more flexibility in foreign trade.

We also propose that the law set requirements and formalities with regard to citizenship in the case of children of nonpermanent foreign residents and with regard to the loss of Cuban citizenship.

Also important is the proposal regarding the establishment of the free and secret vote for electing provincial deputies and delegates. Another aspect suggests the elimination of the People's Government Municipal and Provincial Executive Committees and the creation of administrative entities to direct economic, administrative, and service-oriented activities within their jurisdiction.

**Now Is the Time**

[Tesoro] How do you explain that the changes have their origin in the very transformations taking place in the country?

[Lara Hernandez] The proposal is a clear indication of our country's development during the 16 years our Constitution has been in force. Changes at the international level and broad experience through the work of the People's Government organs have had deep repercussions throughout the country, which clearly point to a need for adjustments, clarifications, explanations, and a clear delineation between the constitutional standard and the regular legal standard.

This understanding leads us to take into account what aspects of the Constitution to eliminate, include, or change for the task we are undertaking.

Another aspect beyond the juridical deals with the functions of various State organs at all levels. In real terms this refers to representative, executive, and administrative functions. The relationship between the structure of the [People's] Government Highest Organs and Local Organs has not always been the most appropriate. There has been some confusion that sometimes originates in the writing and erroneous interpretation of the Constitution or the distortion in the practice of the abovementioned functions.

This confusion, we repeat, goes beyond the mere juridical and has influenced the population, because, in our judgment, it has contributed not only to the formulation of an incorrect image of the people's representative, different from what it actually is, but also, at times, to a distorted image of the People s Government Organs. We therefore believe that now is the time to make rectifications.

## Constitutional Reform Proposals Reviewed

*PA0907180992 Havana Radio Havana Cuba in Spanish 0000 GMT 9 Jul 92*

[Roberto Morejon Commentary]

[Text] During the 11th period of regular sessions of the Cuban National Assembly of the People's Government [ANPP], members will primarily review changes to our current Constitution so as to bring it up to date with the economic, social, and political reality of the country.

The important meeting scheduled for 10 July, therefore, has special significance because it is basically aimed at improving our socialist democracy.

An ANPP commission and another one, created by the Cuban Communist Party, had the responsibility to review carefully the Constitution approved by the majority of Cubans in 1976.

Constitutional reform proposals made by the said commissions will be the object of careful study by parliamentarians, who will discuss and approve the changes that will bring our Constitution up to date with the changes that have taken place in the international community.

Among the changes that will be discussed, we can mention foreign policy-related changes which will be based on the principles that have always guided our country, while reaffirming Cuba's commitment to the integration and cooperation with Latin American and Caribbean countries.

Of course, the proposed amendments make no allusions to the former European socialist community or the now defunct USSR, but at the same time, they identify us even more with our Jose Marti heritage.

Other articles ANPP members intend to reform have to do with religious issues and they are based on the lay nature of the state as well as the penalization of religious discrimination.

The set of reforms outline guarantees for foreign investment and attributions for the National Defense Council. The reforms also propose the direct, secret election of deputies to ANPP and delegates to provincial assemblies.

As can be observed, the changes that have been proposed are numerous, but in no case will the reforms and updating mechanisms included contradict with the socialist nature of the Cuban constitution.

### Italian Vessel Arrives With Donated Goods

*FL1007014992 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 10 Jul 92*

[Text] The ship Frank Pais docked in the port of Havana this afternoon. The ship was carrying aid from Italy in solidarity with Cuba. More than 140 tons of medicines, construction materials, and electrical and educational equipment have been sent to our country by the Italy-Cuba Friendship Association. At the ceremony to receive the goods, Association Secretary General (Danilo Costanzo) said that we Cubans are not alone and that people are working all over the world in support of the Cuban people.

ICAP [Cuban Institute of Friendship with Peoples] President Sergio Corrieri expressed appreciation for this gesture of solidarity and reiterated our determination to struggle and to triumph. In Genoa, the port of departure, another ceremony showed the faith in Cuba that people have.

[Begin recording of ship's captain] It was a very moving ceremony, very simple but very moving. It took place at the moment the containers with the aid were loaded. Different comrades from groups that support Cuba showed up, and it was a very nice ceremony, a ceremony that showed we do have friends in Italy. [end recording]

## Haiti

### OAS To Send Mission To Promote Democracy

*FL0907140592 Bonaire Trans World Radio in English 1130 GMT 9 Jul 92*

[Text] The Organization of American States is preparing to send a civilian mission to Haiti to promote the reestablishment of democracy. OAS Secretary General Joao Baena Soares said an advance team will travel to Haiti to plant visits [as heard] by himself and a democracy mission, but dates haven't been set. Yesterday, through his ambassador to the United States, Haiti's ousted president, Jean-Bertrand Aristide, outlined a new plan to restore democracy. Ambassador John Casimir and an Aristide-approved mission led by Father Antoine Adrien would travel to Haiti to lay the groundwork for Mr. Aristide's return as president. So far, reports from Haiti say the Aristide mission has raised little interest from political parties or local people.

### Council of Ministers Discuss Employment Issues

*FL0907171592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 9 Jul 92*

[Text] Several points were discussed in the meeting of the Council of Ministers yesterday, 8 July. The first discussion concerned a file presented by the minister of the interior, related to what strategy the ministry should use to help the mayors and communal officials to return to their posts. After they analyzed the file, the Council of Ministers pointed out that some of those people have stayed away from their posts because personal problems with regional authorities have threatened their safety. Others have stayed away because of problems with the population in the area where they are working. Still others stay away for political reasons.

To allow those with security problems to return to their posts, the council proposed that the delegates and vice delegates conduct an inquiry into the reasons the various personalities are not present in their posts. The delegates and vice delegates would report the results of this inquiry within eight days.

The Council of Ministers also asked for the formation of a committee to support the work of the delegates and vice delegates. This committee would include a representative of the Ministry of the Interior, a representative of the Ministry of Justice, and a representative of the Haitian Armed Forces. This committee, which could also include a representative of the church and a parliamentary representative, should mention in its report the most serious cases, along with solutions it proposes for those cases.

The Council of Ministers also tackled the question of minimum wage. Their decision was that an official tripartite committee, consisting of employers, employees, and government would try to determine the salaries of agriculture, trade, and industry sector employees, and to make proper recommendations to the government on the adjustment and increase in the minimum wage corresponding to the various branches of activities. This committee's deadline would be 15 days.

While expecting the minister of social affairs to conclude the discussions he initiated with interested sectors on 7 July, the Council of Ministers proposed that measures be taken to reduce the effects of the embargo on those who work in the assembly sector. The Council of Ministers proposed that for three years, the government pay those who had been working in this sector 10 percent of the salary they had been receiving, and that this 10 percent come from the social security funds of the National Office for Old Age Insurance [ONA]. According to this plan, and to cover the three-month [as heard] period, the government should allow those dismissed workers who

had contributed to the CNA and Employer's Liability Insurance to continue to enjoy the advantages of these two institutions.

In conclusion, the minister of planning spoke of the means his ministry will use to help the government acquire the funds to finance the emergency program. The minister said an account had already been opened at the bank so the first payment could be made at the end of next week at the latest.

### Ambassador Alexandre: Bazin 'Must Resign' as PM

*FL0907185392 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 9 Jul 92*

[Text] A civil war might occur in Haiti and it might entail an armed conflict with an international character if the military persists in maintaining Marc Bazin as prime minister. These were statements made on 8 July by Guy Alexandre, an ambassador of the Jean-Bertrand Aristide government. Alexandre, who still holds the post of Haitian ambassador to the Balaguer government in Santo Domingo, said on television that Bazin has been appointed head of the government by the military who ousted Father Aristide in September 1991.

According to Guy Alexandre, Marc Bazin is acknowledged as prime minister only by the social clique that supports the putschists. Alexandre added that it is impossible for Bazin to govern the country because he is not acknowledged by the international community.

In conclusion, Ambassador Alexandre stated that Marc Bazin must resign as prime minister if he wants to negotiate for a solution to the country's crisis.

### Tanker Violates Embargo, Arrives With Petroleum

*FL0907183292 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 9 Jul 92*

[Text] According to authorized sources, an oil tanker entered the country on 8 July with 200,000 barrels of gasoline and gas oil on board. Revealing neither the name of the ship nor the country from which it came, the sources say only that these petroleum products came from a country not concerned by the embargo against Haiti.

This cargo of petroleum products arrived in the country two weeks after the OAS had decided, following a technical meeting in Washington, to reinforce the embargo against Haiti and to apply severe sanctions against any ships that violate this decision. The United States, which had supported these measures, announced that it would prevent any ships that violate the embargo from entering its harbors, and even considered making the ships pay high fines.

## Legislature Approves Religious Affiliation Law

*PA1007021892 Mexico City XHTV Television Network in Spanish 0200 GMT 9 Jul 92*

[Telephone report by Juan Jose Prado from the Chamber of Deputies]

[Text] A few minutes ago the Chamber of Deputies approved by majority vote the Religious Affiliation and Public Worship Law. After a long debate that began on 7 July, the law regulating Article 130 of the Constitution was approved approximately 30 minutes ago. The vote was 328 in favor, 36 against, and two abstentions.

The Institutional Revolutionary Party, the National Action Party [PAN], the Authentic Party of the Mexican Revolution, and the Cardenist Front voted in favor of the law, while the Party of the Democratic Revolution and the Popular Socialist Party [PPS] voted against it.

In general, the debate was ideological and the six political parties challenged each other's positions, unable to reach an accord on the role played by the Catholic Church in Mexican history.

PAN and PPS deputies had the most aggressive discussion, given their antagonistic position on party principles.

The political parties voiced their disagreement over certain points of the law, but there was consensus on the main issues such as the legal guarantees of the nonreligious state, separation of church and state, the supremacy of civilian power, and freedom of religion.

The discussion of specific points began on 8 July. In addition, the six political parties have set aside for discussion 19 of the 36 articles that form the Religious Affiliation and Public Worship Law.

The law is expected to be fully approved in the early hours of 9 July.

## Government Bans Trade With Yugoslavia

*PA0707130592 Mexico City NOTIMEX in Spanish 0244 GMT 7 Jul 92*

[Text] Mexico City, 6 Jul (NOTIMEX)—The Mexican Government on 6 July joined the sanctions the United Nations has imposed on Yugoslavia by banning trade with that country because of its refusal to cease hostilities against Bosnia-Hercegovina.

This measures includes all imports and exports to and from that nation, with the exception of "supplies to be strictly used for medical or nutritional reasons," according to a decree published in the official Mexican state newspaper.

According to the document, Yugoslavia "has not heeded the request to immediately cease the aggression, expulsions, and attempts to change the ethnic composition of the population."

The decree adds that the situation in Bosnia-Hercegovina "is a threat to international peace and security."

## Guatemala

### Chile Offers To Mediate in Armed Conflict

*PY0907211092 Madrid EFE in Spanish 1937 GMT 7 Jul 92*

[Text] Guatemala, 7 Jul (EFE)—Chilean Vice President Enrique Krauss proposed on 7 July to the Guatemalan Government his country's mediation in the armed conflict that has been afflicting Guatemala for 30 years, and which, according to international organizations, has caused the death of 150,000 people.

After a meeting with Guatemalan Defense Minister Jose Garcia, the Chilean vice president told reporters that his country is "willing to mediate between the Guatemalan National Revolutionary Unity (URNG) and the government of President Jorge Serrano to achieve peace."

"We believe that peace is a challenge the Guatemalans have to face, and I have confidence and the conviction that this government and the rebel movement will create the conditions to achieve that objective," the Chilean vice president and interior minister added.

Representatives of the URNG and Serrano's government have met on eight occasions since April 1991 in Mexico, but the talks have stagnated because no agreement has been reached on the first point of the negotiation agenda: how to guarantee human rights.

Krauss added that his country has promoted all pacification efforts made in Central America, thus the Chileans are "extremely happy" with the peace agreement reached in El Salvador last January.

"We are proud to be part of the Peace Commission in El Salvador and that one Chilean Carabinero has been chosen to organize the Salvadoran National Police," he said.

Now "we want to participate by offering our modest contribution to help the Guatemalans achieve peace," he said.

Krauss arrived in Guatemala on 5 July to sign a bilateral cooperation agreement intended to restructure the Guatemalan police, with the advice of Chilean Carabineros.

## Nicaragua

### Government Denies Breaking Into Cesar's Home

*PA0907191492 Managua Radio Sandino in Spanish 1830 GMT 8 Jul 92*

[Communique issued by the Presidency Public Relations and Official Information Directorate in Managua on 8 July]

[Text] The Presidency Public Relations and Official Information Directorate publicly reports the following:

The information provided by Assembly President Alfredo Cesar that officials of the government of Violeta Barrios de Chamorro broke into his home is totally false. Routine administrative procedures at the presidential palace, implemented every six months, state that vehicles loaned to various officials and government entities in 1990 are to be recovered so they can be reassigned to different government entities supported by the presidential palace, namely the Women's Institute and the Childrens' Protection Commission. The measure was carried out by Alfredo Cesar's security corps, which comes directly under the Government Ministry. The security corps members and the vehicles remain outside the National Assembly President's home. Because of this, it was not possible that anyone entered Cesar's home.

[Issued] 8 July, Managua

[Signed] Presidency Public Relations and Official Information Directorate

### Airport Employees Begin Indefinite Strike

*PA0907194092 Managua Radio Sandino in Spanish 1830 GMT 8 Jul 92*

[Excerpt] More than 400 employees at the Augusto Cesar Sandino International Airport began an indefinite strike at noon on 8 July, protesting the decision by Construction and Transportation Minister Jaime Icabalceta to reject an agreement signed a few days ago between airport employees and airport manager Tomas Urroz.

The only aircraft the employees allowed to land, for humanitarian reasons, was a Cubana de Aviacion flight from Havana that was carrying several Nicaraguans who had received medical treatment in Cuba. The same aircraft returned to Cuba carrying several patients.

According to union leaders, airport employees will support Urroz if the construction and transportation minister insists on removing him from his post. Union leader Luis Aguirre said workers are firm in their protest, and will not permit three government officials who they regard as unwelcome to enter the airport: Public Relations Director Olga Taboada, Maintenance Chief Rolando Araica, and Operations Chief Fatima Rodriguez.

[Begin recording] [Aguirre] An agreement on a food bonus signed with Urroz, the airport manager, is not being honored. So employees decided to join forces, and the last flight we will handle on 8 July will be a Continental flight at 1000. The only exception is for a humanitarian flight from Cuba, scheduled to arrive at noon. The workers are demanding Minister Icabalceta appear in person to discuss and negotiate with us the position he announced on the radio and television news.

[Unidentified reporter] Do you maintain your position demanding the removal of three officials reportedly opposed to the food bonus?

[Aguirre] That is correct. Workers will defend the agreement on the food bonus signed by Urroz, and will demand that he continue as airport manager. The minister's position affects workers; rejecting the agreement will affect 520 families. If those three government officials return to their posts, it could cause a serious conflict at the airport, as workers would be forced to expel them, which we are trying to prevent. It would be a provocation by the minister to keep in their posts those individuals, who have been declared unacceptable.

[Reporter] Are you demanding that Urroz not be replaced and that the ministry transfer those three government officials from the airport to other positions?

[Aguirre] In principle, if the minister wants to reinstate those three directors, we are willing to negotiate. Urroz has remained in his post because he has managed the airport's finances well. We may have to negotiate one head for another, but the workers' position is that Urroz must remain in his post.

[Reporter] There are rumors that the problem began with Presidency Minister Antonio Lacayo's decision to appoint Urroz, following a conflict with the previous administrator. Is that true?

[Aguirre] Presidency Minister Lacayo appointed Urroz after the previous two managers were dismissed. Apparently Minister Icabalceta is annoyed because Urroz straightened out the airport's finances. Urroz dismissed directors who had Icabalceta's support, despite their negligence and mishandling of funds, which apparently annoyed Icabalceta. [passage omitted] [end recording]

## FSLN Official Departs To Study in U.S.

*PA0907185492 Managua EL NUEVO DIARIO in Spanish 7 Jul 92 p 1*

["News bulletin" issued by the Secretariat of the Sandinist National Liberaton Front Directorate in Managua on 7 July]

[Text] The Secretariat of the FSLN [Sandinist National Liberation Front] informs that today, 7 July 1992, Commander Luis Carrion Cruz, a member of the FSLN National Directorate, leaves for the United States.

Comrade Luis Carrion will remain outside the country for 11 months, where he will pursue graduate studies in the area of public administration.

The tasks that were being performed by Commander Carrion within the party have been now assumed by Commander Victor Tirado Lopez.

Given in the city of Managua, Nicaragua, on 7 July 1992.

Secretariat of the FSLN National Directorate.

## * Dialogue, End of 'Sectarianism' Urged

*92CA0175A Managua LA PRENSA in Spanish 8 Jun 92 p 10*

[Commentary by Alvin Salinas Valle]

[Text] Because of the administration's political incoherence and failure to apply substantive aspects of the UNO [National Opposition Union] government program, the executive's structures are growing increasingly isolated from the aspirations of the Nicaraguan people. Generally speaking, our fellow citizens feel their aspirations are being frustrated by politics, though this does not mean they have withdrawn their support from UNO (the lesser of two evils).

The government's isolation from the coalition of parties that brought Dona Violeta to the presidency has at the same time provided a growing leadership role for the FSLN [Sandinist National Liberation Front], and it is making use of this opportunity. The increasingly urgent demands of thousands of dissidents, which are now joining those of the "revueltos" [mixed groups of recontras and recompas], fuel the general discontent. The FSLN has made itself the representative and channel for these demands, staking out its position within the workings of the Lacayo-Ortega joint government.

All this is taking place in a climate of unaccustomed uncertainty and indecisiveness on the part of the president and her cabinet, almost as if they were being blackmailed.

As a reflection of the complex political environment, the media are discussing and proposing ideas based on concepts like instability, political dialogue, ungovernability, the need for political stability, the need for a new economic model, a social pact, etc.

Depending on the political and ideological convictions of the proponents of these ideas, some argue that the current state of affairs is a product of the so-called "lost decade"; others say it is the result of applying the neoliberal formula administered by the IMF and the World Bank, to list just a few of these arguments.

Political discourse is deteriorating...though an even stronger term would be appropriate. It is deteriorating because many people in the "political class" are trying to hide from the people the simple truth that they are not defending the nation's interests, but are engaged in narrow sectarian pursuits or even working for their own personal gain.

In our view, the dynamics of events indicates that solving our central problems requires democratizating the nation: that is, the full exercise of a state of law. When this has been achieved, it in turn will generate a national dialogue, the placenta that wi'l nourish a new social pact. National dialogue, a social pact, will then be the effects of democratization.

Effective and integral democratization will be the consequence of a UNO-government-FSLN political dialogue. Such a dialogue will lead to defining and drafting the fundamental ground rules for new behavior (theory and practice, operational and ethical aspects) on the part of the political participants, which will in turn affect the state's institutional workings (the executive, legislative, judicial, and electoral bodies).

This political dialogue must necessarily stimulate and inspire the multifaceted development of social groups because right now—unfortunately—this can not happen in the reverse order.

Moreover, it is not enough to be convinced of the vital need to move this historic initiative forward (political-operational aspect); we also need a strong dose of determination (ethical-moral aspect) so that a political dialogue will the first step toward the goal of rescuing Nicaragua from the abyss.

We can not come into this political dialogue with defensive attitudes, with one side attempting to justify the mistakes of the past or the other trying to "make a joke of this failure." We will have to smooth out these mistakes, and the mistakes of the present, to create a synthesis in a positive outcome. We need to learn from the experiences of Phases I and II of the National Dialogue. And why not? Even from the dialogue conducted before the FSLN lost the elections, from the Transition Protocol, from the Bambana accords, from the last periods when there was some separation between the executive and the legislative branches.

We need to learn from all the experiences of the recent past that survive in today's political action. We must lay our cards on the table without hypocrisy, and if some hypocrisy persists, we must not waste time unmasking the demagoguery and mediocrity of each political participant for the eyes of the public.

This national dialogue must not be conceived as an academic exercise in the style of pseudo-intellectuals who deconstruct theory and practice, and not (please!) as clumsy demonstrations of empty oratory.

It must yield practical, tangible results with commonsense conclusions that can be grasped both by those versed in abstract thinking and by the ordinary Nicaraguan citizen who (through the fault of us all) has not the slightest education. These conclusions must be truly applicable for the concrete betterment of the economic, moral, spiritual, and political life of the Nicaraguan people.

Organizing and executing this national political dialogue is the first and foremost of all our tasks.

## * Political Alliances, Leaders Described

*92CA0175B Managua EL NUEVO DIARIO in Spanish 10 Jun 92 p 4*

[Article by Adolfo Miranda Saenz]

[Text] We can classify Nicaragua's political groups into three major categories:

- The Sandinists, the vast majority of people on the left and center-left, with a variety of groups ranging from orthodox Marxist-Leninists to social democrats, with the latter being the dominant group. In addition to the Sandinists, in this sector of the left we should also include the MAP [People's Action Movement] and PRT [Revolutionary Workers Party], which, because of their aggressiveness, cannot be overlooked, even though they are small parties.
- The center encompasses a broad spectrum of individuals as well as parties. In the center we find President Violeta Chamorro and Minister of the Presidency Tono Lacayo (neither of whom is active in any party). There are also some politicians from a variety of parties in the center, but on a personal basis. Some Sandinists also identify themselves with this centrist trend. In Nicaragua there is a "de facto" alliance between the center and the largest part of the left.
- The right, ranging from the moderate right to the far right. Here we also find politicians from parties that have some members in the center. Or there may be parties whose members are divided between the center and the right. Strangely, there are some "communists," like Eli Altamirano, "socialists," and "social democrats" (I have always maintained that the Sandinists represent true social democracy in Nicaragua) in the right.

There is no doubt that Daniel Ortega is the leader of the left, and if in the future, the Sandinists, in either a tactical or strategic move, decided to change their leader, the leadership would have to go to the person whom Daniel Ortega supports.

The center's leadership is a combination of Dona Violeta and Tono Lacayo. In the future, Tono Lacayo may take over this leadership role alone, backed up by Dona Violeta's "moral support."

It is quite probable that the "de facto" alliance between the center and the Sandinists may in the future become a formal electoral alliance.

On the right, the leadership is highly disputed. As the popular saying goes, "there are a lot of devils and not very much holy water." Three stand out in their claims to authority: Virgilio Godoy, Alfredo Cesar, and Arnoldo Aleman.

- Virgilio Godoy: In his vice presidential role, relegated by both the Constitution and by government policy to a secondary level, his political profile has shrunk a great deal because of the "shadow" cast over him by Cesar and Aleman; he appears to have fewer chances for leadership than the other two. His by no means charismatic personality and his character, described as "dour" by many commentators, do not help him.
- Alfredo Cesar: It is hard to believe in a man like Cesar. His multiple betrayals are a heavy burden for him to carry in the climb to an authentic leadership

position. Nobody feels sure of his loyalty. No one knows what to expect from him. With his political ambitions and his ego, he is capable of anything. By risking $100 million that Nicaragua so greatly needs, he has just struck a very dramatic blow to his already depleted political prestige.

- Arnaldo Aleman: The mayoralty of Managua is a double-edged sword. On one side it is a convenient platform, a political springboard. But the great amount of taxes and donations he has received from abroad (people have calculated revenues of $30 million a year) do not show up in urban improvement projects. The signs indicating the sites of the Oriental Market, the Masaya Highway, or the "Country Club" (which does not exist), the piles of rubble in the Bolivar area, the "cat's eyes" in the streets, and a few street paving projects do not justify the millions he has received. After the recent Hotel Ticomo scandal and other "shady deals," the people do not have confidence in his integrity.

As things now stand, it seems very hard to find a leader for the right. They may have to start to look elsewhere, perhaps to Dr. Miriam Arguello, who is on the far right but is an honest woman and a skillful politician, or even better, to Ramiro Gurdian, even farther to the right than Dr. Arguello, a man who favors an extremely primitive form of capitalism, but in the end, a man who does not cheat.

## * Aleman's 'Abuse' of Position Discussed

*92CA0175C Managua BARRICADA in Spanish 10 Jun 92 p 3*

[Article by FSLN Managua Council Member Monica Baldotano]

[Text] The "Municipalities Law" clearly states that mayors are elected by the Municipal Council. In debating this point in the National Assembly in 1988, the political parties reached a general consensus about indirect mayoral elections, that is, the mayor's election by the Council. This was an attempt to reduce the possibility that the boss-mayor politician might reappear. This was a typical feature of the Somozist era that is now being eliminated in all of Latin America's democratic governments.

Mayor Aleman may be removed at any moment. The law guarantees that the Council can change the mayor at any time, with just a simple majority of the council members and without establishing causes for that change. This forces mayors to make an ongoing effort to use a democratic, consensual, negotiated, and nonauthoritarian managerial style and to respect the Council, the city's supreme authority under the law.

But Mayor Arnoldo Aleman has unmasked his dictatorial ambitions: "I will only leave the mayor's office dead," he said. This is even inconsistent with his proposed reform of Law 40, which calls for the Council to elect mayors every three years.

Aleman has revealed his true intention of staying in this job come hell or high water, even if the Council decides otherwise. In the Council session on 8 June, he went still further. He tried to criminalize the desire of some council members to replace him. He launched that as a criminal accusation.

### Managuans Are Paying For a Political Campaign

What crime is there in wanting to replace a mayor, if the law clearly establishes the Council's power to do so? In any event, the crime lies in resorting to any maneuver, no matter how dirty it may be, to try to stay in office and to say—we do not know through what human or technical force—that only death will remove him from office.

But the issue goes even beyond that. The mayor does not want to be mayor for life. The mayor wants to be president. There is no crime in wanting to be president, and Mayor Aleman has every right to want that. The crime lies in using the mayor's office as a springboard, distorting the mayoral functions and neglecting his duty to serve the people and the City of Managua.

Using the resources of the mayor's office, Mayor Aleman is financing his job as leader of the Liberal Party. Last Sunday he held a partisan rally in the Espana Sports Stadium, under the pretext that it was the first anniversary of the JCOPS [expansion unknown]. It was a meeting with red flags and partisan speeches, in which Arnoldo was again proposed as "the strong man," and he was hailed as the man who is going to restore order to this nation.

The February municipal council session was so partisan that we were forced to leave the meeting. The slogans were: "With Arnoldo Aleman, problems go away!" "With Arnoldo Aleman, we will get rid of the Sandinists!"

Both events were paid for with funds of the mayor's office, using its trucks, sound equipment, etc. Once on 11 July, the anniversary of the Liberal Party, Arnoldo gave a luncheon for 1,000 people, serving barbecue and liquor, all paid for by the mayor's office. This cost the trivial sum of 40,000 cordobas.

### A Crime to Replace Him?

In addition, his cosmetic projects in the city are designed to win support for his future campaign. There is also his practice of providing supplies and money to various people, those in tune with the mayor, even if their meetings are held in other cities. This produces confrontations with other UNO [National Opposition Union] mayors who are not members of the Liberal Party.

Then why is it strange that there are council members who want to replace him, and why should he react violently as if this were a crime, publicly threatening the council members? "Let those who want to replace me pay the taxes on their houses and on their businesses," he raged at the last meeting.

The truth is that this type of threat, though apparently directed against the Sandinists, is aimed at the UNO council members. This shows the constant pressure and blackmail to which he has subjected them, with a blatant Somozist style that is in harmony with his political aims, because what he wants is the return of the Somozists on a white horse and the return of their regime based on property and exploitation.

In addition, let me say that we members of the Managua City Council are undergoing a trial by fire. Faced with the evidence of his dictatorial position, will we give in, will he intimidate us, will we fall in with his Machiavellian plan?

Aleman has challenged all Managuans with his "you will only get me out when I am dead." We Sandinists think that against such pretensions, which were a feature of the Somozist dictatorship, all the civic forces of Managua, no matter what their political coloration, must join together to defend our democracy and our laws. Aleman can and should be removed from office.

## Bolivia

### President Signs Decree Changing Ministry

*PY0907172492 La Paz Television Boliviana Network in Spanish 0200 GMT 9 Jul 92*

[Text] Bolivian President Jaime Paz Zamora has promulgated the decree which changes the name of the Industry, Commerce, and Tourism Ministry. As of today, it will be called the Ministry of Exports and Economic Competitiveness [Ministerio de Exportacion y Competitividad Economica].

In the presence of all ministers, the diplomatic corps, and special guests, the president signed decree 23,202 which authorizes the change of name and functions of the Industry, Commerce, and Tourism Ministry. In addition to being separated from entrepreneurial activity, the functions of the former ministry no longer comply with the new economic situation of our economy. The state no longer requires its capacity to oversee and control productive projects, as the markets of goods and services have been liberated. Thus, the instrument for a price control is no longer necessary.

Beginning today, the new ministry encompasses three new essential areas such as investment, competitiveness, and exports. This statement was made by Minister Fernando Campero, who provided details on the new functions of this ministry.

[Begin Campero recording] The first role is that of attracting investments, while the second role addresses the country's overall competitiveness. Competitiveness is understood as the ability of our economy to compete internationally, not only with products but also with quality—and why not, with investment. Lastly, we would like our economy to compete in the export area.

I think everyone knows that our structural capacity to create internal savings is relatively limited. It is limited to not only concern over our growth aspirations, the legitimate aspirations of our nation, but also limited to the possibilities of investments in our country. It is, threfore, essential to resort to the capacity of foreign savings. [end recording]

This new ministry has been called upon to become the main producing agent. The state must consolidate its role as intelligent arbiter in charge of correcting market distortions, and its role of conducting its social policy and the development of the basic structure, President Paz said.

[Begin Paz Zamora recording] This is a ministry of the private sector, I would say—not so much the confederation of the private sectors of Bolivia, but the creative private initiative of all Bolivians.

This is a ministry of the free market economy. There must be someone to worry specifically about all this. This is a ministry which will also have its detractors. The ministry will be administrated with all the favorable conditions so as to be not only competitive, but also able to attract foreign investments. Its main work will be that of informing, so that there will be no Bolivians who, when an exploitation contract is signed with a foreign company, will call it a sellout [entreguismo], as it was called 10 years ago.

Someone must change this mentality among Bolivians, and this must also be a specific task of this ministry.

For this reason I think the slogan "Export or die" is inadequate. I think it is more suitable to say: "Export to grow; export for a better living." And perhaps it is more appropriate to say now that we must invest or die. This is the main challenge we have today. The main challenge is the struggle for investments, and the struggle to convince the country that it must be seducing country. That is, the country must be a seducer of foreign investments. To achieve this, the country must create all the necessary conditions. [end recording]

Paz Zamora added that the change in the name and functions of the ministry by no means implies disregarding the industry and tourism areas. On the contrary, he said, these activities will be promoted from a more productive and more competitive level, for the benefit of the country.

### Paz Satisfied With Spain's Coca Proposal at UN

*PY1007005892 La Paz Television Boliviana Network in Spanish 0200 GMT 8 Jul 92*

[Excerpts] In remarks to the national press, President Jaime Paz Zamora demanded more severity from the judges who are hearing the cases of terrorists who play with the lives of Bolivian citizens. [passage omitted]

The Spanish position regarding the coca policy proposed at the United Nations is an important vote in the international arena. For this reason, we Bolivians must join efforts to continue with this objective, the president added.

[Begin Paz recording] It is important to know that a country as important as Spain has supported the Bolivian position. This gives us some footwork to expand this idea to other countries of the international community, and to gradually achieve the objectives we have proposed.

Spain's support also shows that if we Bolivians can identify national objectives that will dignify us all, we will be able to achieve those objectives. The problem is that we are often dispersed around an objective. We must all agree on a given objective. This will give us great strength in making ourselves heard in the international community. [end recording] [passage omitted]

### United Kingdom Pardons $5.99 Million Debt

*PY1007025292 La Paz LA RAZON in Spanish 18 Jun 92 p A3*

[Summary] The British Government has pardoned a Bolivian debt of $5.99 million. The money was invested in Telecommunications and Mining Corporation of Bolivia (Comibol) projects. A Foreign Ministry report explains that, through notes sent by the British Embassy to the Bolivian Foreign Ministry on 14 April, the United Kingdom proposed pardoning the Inter-American Bank-Bolivia Loan and the United Kingdom-Bolivia Loan. The report also stated that the Bolivian response was sent on 9 June. According to the "United Kingdom-Bolivia Retrospective Terms Arrangement," established by exchanging the respective notes, the payments made by Bolivia through 1 June 1991 will be reimbursed by the British Government and the subsequent overdue payments will not be collected.

## Brazil

### Collor Reaffims Intention To Keep Post

*PY0907231492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jul 92 p 6*

[By Raymundo Costa]

[Excerpts] Brasilia—President Fernando Collor told PRN [National Reconstruction Party] deputies on 7 July that there is no possibility of his handing over his post to anyone but an elected successor. "Instead of trying to unleash a coup against me, those who are not satisfied with me as president should get organized and win in the next elections," Collor said. The PRN bloc of the Chamber of Deputies was taken to Planalto Palace by its leader, Jose Carlos Vasconcellos (PE) [Pernambuco State], to express its solidarity with the president. [passage omitted]

Collor attributed the crisis to a "uniting of conflicting interests" that were dispersed and that now have linked up in a "campaign to destabilize" his government. He also criticized the media's actions. "The government's positive aspects are not disseminated," he complained. "The government's positive actions are not highlighted." And yet, according to him, "the word of any person wanting to attack the president is readily accepted."

### Collor Issues Note on 'Parallel Commands'

*PY0907223092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jul 92 p 6*

["Eighth note" by President Fernando Collor to Press Secretary Pedro Luiz Rodrigues]

[Text] Casa da Dinda [Collor's Brasilia residence], 7 July

Pedro Luiz:

Responsible society rejects the busybody activities of parallel commands engaged in influencing the work of congressional committees. Unrelated to the congressional committees, these parallel commands are engaged in creating the illusion that we are living in a haunted house.

This is the most cynical side of the Coupist Syndicate and its followers: disrespect for citizens' constitutional rights, marked by breaking their privacy.

It is not excessive to remember that the harbingers of illegal, hateful, and Fascist investigations will end up by having to break their own mirrors...

Signed: F. Collor.

### Opposition Demands Investigation Into Corruption

*PY0907211892 Madrid EFE in Spanish 2316 GMT 7 Jul 92*

[Text] Brasilia, 7 Jul (EFE)—The opposition today gathered near the Brazilian Congress to demand a rigorous investigation by a congressional commission into the charges of corruption involving President Fernando Collor de Mello.

The demonstration staged by the Workers Party and other opposition groups for more than three hours attracted 5,000 to 7,000 people according to the organizers—1,000 according to political sources consulted by EFE.

Former presidential candidate Luis Ignacio Lula da Silva and lawmakers from the Democratic Workers Party, the Brazilian Social Democratic Party, and the Brazilian Democratic Movement Party were among those who addressed the gathering to request support for the task of the Congressional Investigating Committee [CPI] hearing the "Farias case."

Former Governors Orestes Quercia and Tasso Jereissati did not attend the demonstration. Quercia, Jereissati, and Lula da Silva head the so-called Democratic Movement Against Impunity, which is an alliance of seven parties and 200 organizations.

No incidents occurred during the demonstration. Police forces kept the demonstrators in order with the help of a cavalry contingent, soldiers, and helicopters that flew over the area.

The organizers gathered thousands of signatures on a document that repudiates Collor's administration because of the economic crisis, the growing recession, unemployment, the high cost of living, and the moral deterioration involving people close to the president.

The document urges the CPI's 22 members to conduct "a rigorous and open" investigation into the charges "so that those responsible, without exception, will receive an exemplary punishment."

The congressional committee is planning to submit on 11 August a final report on the alleged links between

President Collor and businessman Paulo Cesar Farias, charged with trafficking of influence, extortion, and other corruption cases.

### PFL Divided Over Support for President Collor

*PY0907162892 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Jul 92 section 1 p 4*

[By Tales Faria of the Brasilia Bureau]

[Text] Senator Hugo Napoleao (PI) [Piaui State], national president of the PFL [Liberal Front Party], admitted on 6 July that the party is not unified any more regarding support for President Fernando Collor: "There is a sector that favors the immediate departure of the government, and there is a sector that will not accept the government's departure." According to Napoleao, "the party's position at this time is to wait for the results of the CPI" [Congressional Investigating Committee] that is looking into the affairs of PC [Paulo Cesar Farias].

Napoleao said that "nothing similar has ever happened in the country's history, and the withdrawal of the PFL could destabilize the country itself." He also indicated that he disapproves of any attempt to obtain a court annulment of the results of the CPI based on the fact that opposition congressmen have broken banking secrecy.

This argument is being defended within the government by a group that considers itself to be closest to the president, the so-called "death squadron." Odacyr Soares (RO) [Rondonia State], the PFL's deputy bloc leader, has indicated that it is possible to request an annulment of the results.

The PFL leadership within the government, which is headed by [Government Secretariat General] Minister Jorge Bornhausen, is against this. Bornhausen discussed this matter with Marco Maciel, the government's Senate bloc leader; Luis Eduardo Magalhaes, the PFL's bloc leader in the Chamber of deputies; and with Senator Guilherme Palmeira (PFL-AL) [PFL-Alagoas State]. The conclusion was that the annulment of the results could harm the PFL.

### Farias' Involvement in Government Bids Reported

*PY0907210292 Rio de Janeiro O GLOBO in Portuguese 8 Jul 92 p 3*

[Excerpt] Brasilia—Federal Police and the Federal Revenue Office have a long list of public bids held by the Health, Social Action, and Education Ministries, bids in which Paulo Cesar [PC] Farias and a group led by him acted as mediators. In addition to pilot Jorge Bandeira, the most prominent members of this group are Luis Romero Farias, Jose Luitgard, Walter Anicchino, Ramon Arnure, and Antonio Carlos Santos, most of whom no longer hold any government posts. They were directly involved in collecting gratuities.

Joint investigations conducted by Federal Police and the Federal Revenue Office led to the conclusion that overinvoicing and influence peddling, including the collection of a commission by PC and his group, occurred in most large bids held by the ministries. In some cases, the gratuity even reached 30 percent of the contract's total value.

According to the investigations conducted by the Federal Revenue Office and Federal Police, the strategy implemented by PC Farias and his group involved receiving information and using it before the holding of the bids in order to meet the bidders and conduct the bidding procedures favoring those who agreed with the remunerated go-between service.

During the investigations, information from testimony recorded by Federal Police and bank account operations to which the Federal Revenue Office had access were exchanged in order to arrive at these conclusions. It was demonstrated that the money deposited to the mediator's accounts nearly always agreed with the date when the bids were held. The Federal Revenue Office and the Federal Police cited that this demonstrates the entrepreneurs charged significant commissions. [passage omitted]

### Revenue Agents Conduct Investigation of Farias

*PY0907232092 Rio de Janeiro O GLOBO in Portuguese 26 Jun 92 National News Section p 5*

[Report by Mariza Cavalcanti; "Spread" company name given in English throughout article]

[Text] Sao Paulo—Central Bank experts and Federal Revenue Office agents are investigating the operations of 13 brokerage houses and distributing companies that reportedly have laundered money for entrepreneur Paulo Cesar Farias and former Strategic Affairs Secretary Pedro Paulo Leoni Ramos. The Spread Bonds and Securities Distributing Company, which in the last two days issued two bad checks for $40 million to cover transactions on the dollar black market, is one of the companies involved.

According to analysts, the Spread company's irregular operations may have a "domino" effect, involving various small-size brokerage houses associated with the distributing company. So as not to pay its debts, the Spread company reportedly used, as a recourse, a report [Boletim de Ocorrencia] drawn up by Civilian Police that allowed withholding all the checks issued.

The Spread company, which, associated with the Excel Bank, has been operating in the gold market for about five years, made a significant leap forward in its volume of U.S. dollar purchases and sales in May—about $500 million. According to the Central Bank's ranking of institutions operating on the floating market (tourism dollar), the Spread company was only surpassed by the Bank of Boston, the Guarantee Bank, the Morgan Bank, and the National Bank—it even surpassed the Unibanco

bank. In April and March, the Spread company was ranked 11th. Before March, it was less than 15th.

According to the analysts, the Spread company carried out operations for former Strategic Affairs Secretary Pedro Paulo Leoni Ramos, who has been accused of carrying out irregular actions within Petrobras [Brazilian Petroleum Corporation]. The market is operating with information that the distributing company is on the verge of receiving a resolution on an extrajudicial settling of accounts.

### Sao Paulo Governor Meets With 'Assured' Collor

*PY0907170292 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 9 Jul 92*

[By correspondent Luiz Augusto Mendonca]

[Text] Sao Paulo Governor Luiz Antonio Fleury Filho stressed yesterday evening, after meeting with President Fernando Collor at the Planalto Palace for nearly two hours, that he hopes that the CPI [Congressional Investigating Committee] that is investigating the charges against entrepreneur Paulo Cesar Farias will not wind up becoming an electoral springboard.

[Begin Fleury recording] I believe there cannot be any type of haste—that is, I hope the CPI will continue doing its job without any concessions to anyone, investigating the truth regardless of who becomes distressed—regardless of who becomes distressed—but also without revengefulness and without prejudgment. [end recording]

Fleury Filho added that he found in the president's office a calm and assured president, who wants to see the truth investigated.

### Parlatino Chairman Laments Political Crises

*PY0907234292 Madrid EFE in Spanish 2228 GMT 8 Jul 92*

[Text] Brasilia, 8 Jul (EFE)—Venezuelan Humberto Celli, Latin American Parliament (Parlatino) chairman, today lamented in Brasilia the signs of political "instability" that are threatening the continent, and condemned the "menacing tendency toward totalitarianism."

Celli, who is president of the Venezuelan Democratic Action Party (AD), stated that since the coup d'etat in Haiti in September 1991, "worrisome signs of restlessness and instability are emerging everywhere in the continent."

"We are convinced that dictatorships, of any sign and ideology, do not resolve problems. They sever the advantages of democracy and cover with a veil of silence, established through repression, the set of social and economic problems of the people," he added.

According to Celli, the return to the historical tendency toward totalitarianism has been demonstrated with the latest events: "first in Haiti, then in Venezuela, which suffered a coup attempt that we did not believe was possible, and, later, in Peru we were witnesses to the destruction of the democratic legal system."

Celli today signed an agreement by which the Brazilian Government promised to offer immunities and privileges to the installations, deputies, and personnel of the Latin American Parliament, whose location at the Latin American Memorial in Sao Paulo will be dedicated on 25 September.

The document was signed at Planalto Palace in the presence of Brazilian President Fernando Collor de Mello, his foreign minister, Celso Lafer, and Sao Paulo State Governor Luiz Antonio Fleury.

The chairman of the Parlatino, which is made up of congressional delegates from 22 countries, told EFE that once the Parlatino has its own headquarters, it will struggle so that national representatives will be chosen by direct election through a mechanism similar to the European Parliament.

According to Celli, the Brazilian Government's commitment to facilitate the Parlatino's functioning will allow it to give "a final thrust toward the quest for the fundamental triumphs of integration and the democratization process" in the region.

Ney Lopez, president of the Brazilian group of the Parlatino, said that at the building site, a project of architect Oscar Niemayer, Latin American politicians will be able to deliberate on common matters, such as the foreign debt, "within their own forum."

Also present at the ceremony were delegates from the congresses of Colombia, Paraguay, Aruba, and the Netherlands Antilles.

Tomorrow, at Bandeirantes Palace, site of the Sao Paulo Government, an agreement will be signed in which the state government promises to cover expenses in the Parlatino's first years of functioning.

It is the first time since its creation in 1964 that the regional parliament has its own building, and it is the first international organization located in Brazil.

### Political Crisis Affecting Industrial Sector

*PY0907233092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Jul 92 Section 2 p 1*

[By Fatima Fernandes]

[Excerpt] The political crisis already is beginning to affect some industrial sectors, especially the electronics sector. Philco Company sales director Alberto Singer, 47, said that "only after the CPI [Congressional Investigating Committee] finishes the investigation that involves PC Farias and his relationship with President Fernando Collor will consumers begin to buy again."

He also stated that through mid-June the company's sales were reasonably good. "But after 20 June, retail trade came to a stop," he said. Normally, the electronics sector has its best sales during the last 10 days of the month.[passage omitted]

### Collor Address to Nation on Debt Accord

*PY1007011292 Rio de Janeiro Rede Globo Television in Portuguese 2256 GMT 9 Jul 92*

[Speech to the nation by President Fernando Collor de Mello on 9 July; place not given—recorded]

[Text] Good evening, dear fellow countrymen,

I come to the homes of all Brazilians today with good news: Finally, after several attempts and several years of work, Brazil has reached an agreement with the foreign private banks to which we owe almost half of our $120 billion foreign debt.

It has been a good agreement and it has been negotiated in a dignified and sovereign manner, always with the approval of representatives of the people, as established by our Constitution.

Workers and housewives may be asking themselves what is so important about the news and what will be the effect of such a difficult and technical agreement—which is apparently so alien to us—on your daily lives.

Very well, my fellow countrymen, the agreement reached by Brazil with the private banks today puts an end to the long and strenuous soap opera of our relations with the international financial community. It is as if we paid up a mortgage and lifted the burden that, since 1982, has been weighing on Brazil's shoulders. We acquired freedom of action and renewed the possibilities of having a more effective economy. In the last few years, we have not reached any agreement that allowed us to comply with and overcome the commitments resulting from our debt. This failure to do so had very negative effects: Our international credibility was shaken and our chances of obtaining foreign resources to resume our growth were very limited.

In addition to that, because previous negotiations always had been partial and often impossible to comply with, external pressures had been multiplying and preventing the domestic policy decisions from finding a positive international situation for the country. This made it more difficult to adequately implement the fiscal and monetary policies, fed the inflationary process, and drove away new investment. All that resulted in a still more dramatic economic crisis, and made the possibility of paying the foreign debt even more remote. It was a vicious circle that needed to be definitively broken, because it had weakened the government's capacity to invest in the areas in which its role is irreplaceable, such as those of health, education, housing, and infrastructure. In other words, it made it impossible to invest in the areas that are more important for the well-being of our people.

This agreement is the result of more than 11 months of hard and lengthy negotiation, but it has been worthwhile. We have reached an agreement in which the debt's burden has been reduced and its cost more fairly divided between us and our creditors. The fundamental thing, however, is that the payments we will make on the debt will be adjusted to our abilities. This will help us resume our growth in a healthy manner and without inflation.

I want to show you concretely the benefits we have obtained:

In general terms, the recently reached agreement contemplates six alternative mechanisms, but the banks will tend to concentrate on two options that represent important progress to us. In the first one, they may prefer to charge market interest rates on our debt. In this case, they will be forced to offer a 35 percent reduction in our debt. If all the banks choose this first alternative, on a $44 billion debt, this will represent no less than $15.4 billion. Instead of being sent abroad, this amount will be applied here and will directly benefit our people.

In the second one, if the banks do not agree to this 35 percent reduction, they commit themselves to accepting a fixed interest rate of about 6 percent per year and reducing this percentage further in the next seven years. In this case, even if the international market again has—as has happened before—interest rates of up 19 percent per year, the risk is entirely theirs, because we will be protected by the ceiling of a, at most, 6 percent interest rate per year.

This agreement also represents 30 years of tranquillity in the exchange market area, my dear fellow countrymen, and it has an additional advantage: We will only have to pay for the interest, because 100 percent of the principal still owed at the end of that period will be paid with the certificates that now are being offered as guarantees. We have thus won precious time to organize our country and to schedule—in a stable and foreseeable manner—our payments. So far, no other country has ever negotiated such an innovative agreement. The conditions obtained by us are better than those obtained by any other country in their negotiations. This is a reflection, dear fellow countrymen, of the international community's confidence in our economy's future. We must add, however, that even before reaching today's agreement Brazil already had been returning to the international credit market. Figures showing that are clear: In 1990, resources received from abroad totalled $5.3 billion and jumped to $11.6 billion in 1991. In the first four months in 1992, however, we already had received $6.2 billion and, after this agreement, this amount will increase even more. This represents new investment, new jobs and, consequently, more development. This recovered confidence shows that we chose the correct strategy by seeking

a dynamic, competitive, and sovereign integration into the international economy. In our contemporary world, no country can exist in isolation. Development means integration, participation, and active economic partnership. With the definitive normalization of our financial relations with the rest of the world, Brazil is avoiding—once and for all—the risk of becoming isolated.

Now we must tread the path toward domestic readjustment. I am sure that the changes we are implementing to modernize our economy will obtain success similar to that of this negotiation. As you all know, measures to reconstruct Brazil are being adopted courageously and with a vision for the future. The next important step is the fiscal reform, which will give our economic growth new impetus and allow the government to fulfill its duty of serving the people in the most effective and concrete manner.

Fellow countrymen, democracy is an irreversible accomplishment of the Brazilian people. Our institutions are functioning in absolute normalcy, and this allowed us to reach an agreement such as this one on the foreign debt, which we had been seeking for more than a decade of uncertainties. With confidence and very hard work, we will overcome all the political problems through which some tried to paralyze our administration, which is yours and ours. They did not succeed in doing it and never will. The course has been set. The Brazilian people know what they want. They want a modern, dynamic, and socially fair country. Today we took one more step toward achieving this type of country. Nothing will succeed in diverting us from this path, and I am sure that God will continue to help us in this task.

### More on Collor, Foreign Debt

*PY0907185292 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 9 Jul 92*

[Text] The Brazilian Government considers the foreign debt agreement that was signed early today with international creditor banks a good solution. In a message that was released early today, President Fernando Collor said that the agreement was signed thanks to Brazil's capacity to make payments without imposing additional sacrifices on society.

There were routine working meetings at Planalto Palace today. Early in the day, President Collor sent a message to spokesman Pedro Luiz Rodrigues. In his message, the president announced that an agreement was signed on the Brazilian public sector's foreign debt. We reached a positive agreement after almost one year of negotiations. The scheduled reduction of the debt is of 35 percent. The debt profile has been considerably improved, facilitating cash flows and providing for fixed interest rates for a period of up to 30 years.

The president said that no other country has obtained such a set of advantageous terms, noting that this has been accomplished thanks to our capacity to make payments without imposing additional sacrifices on society as a whole.

The president ended his message by saying that work continues to be the main goal. We will continue to move forward, joining work and confidence in Brazil with the ideal of developing in social justice.

It was reported a short time ago that President Fernando Collor this evening will address the nation over a radio and television network. He will speak on the foreign debt agreement.

### Applauds Debt Reduction

*PY0907135992 Madrid EFE in Spanish 1351 GMT 9 Jul 92*

[Excerpt] Brasilia, 9 Jul (EFE)—Brazilian President Fernando Collor today celebrated the 35-percent reduction of the Brazilian debt with the private creditor banks. The agreement was signed in New York between the parties during the early morning of 9 July.

Collor, 42, in a brief written statement that was released by Planalto Palace, said that "the agreement looks after Brazilian interests, and no other country has obtained the advantages that we have achieved."

According to the president, the agreement with the steering committee of the creditor banks, which was reached after one year of negotiations, is in accordance with Brazil's payment capabilities and will not cause "extra sacrifices for society as a whole."

"It is a good agreement," Collor said, adding that the debt of $41 billion with the private creditor banks will be reduced by 35 percent, and that the bank rates regarding the rest of the debt will be set for 30 years. [passage omitted]

### Lafer on Debt Agreement

*PY0907232692 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jul 92*

[Text] According to Foreign Minister Celso Lafer, the agreement reached with private banks reaffirms confidence in Brazil:

[Begin recording] From the Foreign Ministry's point of view, this agreement implies an expression of confidence in the country. Since our foreign policy already enjoys a special confidence, this additional confidence in the country will strengthen Brazilian foreign policy. [end recording]

### Marques Talks About Accord

*PY1007032492 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 9 Jul 92*

[Interview with Economy Minister Marcilio Marques Moreira by reporter Monica Waldvogel at the Economy Ministry in Brasilia—live]

[Text] [Waldvogel] The agreement just reached by Brazil is better than the ones reached by Venezuela, Mexico, and Argentina. How did we reach it, Mr. Minister?

[Marques Moreira] We reached it after 11 months of negotiations. During those months, we explained to our creditors our problems, our limitations, and our absolute need to reach an agreement within our indebtedness capacity.

[Waldvogel] The banks will have to decide whether they will grant us the 35 percent reduction that Brazil wants so much. What is your expectation regarding the banks' decision? Do you believe most of them will accept it?

[Marques Moreira] I believe that the majority of them will accept one of the following two options: first, we obtain a direct and explicit 35 percent reduction, or second, which also is very favorable to us, a fixed 4 to 6 percent interest rate. Both options will be in force for 30 years. Therefore, this agreement gives a really long-lasting respite.

[Unidentified reporter from studio] Good evening Minister Marques Moreira. I would like to ask you about the effect this agreement might have on the inflation rate in Brazil.

[Marques Moreira] It has a very important effect. First, because we had to increase our exports and reduce our imports with the debt's heavy burden. This had a negative impact on inflation because we had to devaluate the cruzeiro and limit imports. As a result, there was not enough competition in our domestic market. Second, because without the sword of Damocles of the foreign debt, we can concentrate on our domestic problems, the debt problem [as heard], the fiscal policy, the fiscal reform, and monetary policy without worrying about the foreign part. Third, because of the uncertainties. Inflation is very much a result of anxieties. This agreement, which certainly will reduce the economic agents' uncertainties, will create a new stimulus. Therefore, from the psychological point of view, this agreement will be an important factor to force the inflation rate down.

[Waldvogel] Paying for the foreign debt always has represented a sacrifice for the Brazilian people. Has this agreement changed that?

[Marques Moreira] Yes, there will be three important changes: First, we will have a 35 percent reduction in our overall debt to private banks. Second, we will pay a fixed interest rate no higher than 6 percent, while in the past we paid higher interest rates that reached 18 percent and caused the explosion of the debt problem. Third, the guarantees that we now are offering will be used to pay the debt principal. Therefore, the two options, which probably will attract nearly 80 percent of the preferences, will allow us to forget about paying for the principal, because it will be paid through the certificates being offered as guarantees. We only will have to pay the interest and it will be much lower than before.

[Waldvogel] Mr. Minister, thank you very much.

[Marques Moreira] I am the one who should thank you.

### More on Marques Comment

*PY0907185692 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 9 Jul 92*

[Text] Finance Minister Marcilio Marques Moreira has said that the foreign debt agreement that Brazil has signed represents a significant step forward with respect to previous agreements.

[Begin Marques Moreira recording] The agreement provides for a general reduction of the entire debt. We negotiated a $42 billion debt with a 35 percent reduction. In addition, we negotiated repayment terms of up to 30 years. The main instrument, in addition to the discount bond, is the [words indistinct] bond, on which we obtained a fixed rate for a 30 year period. This is really important if we consider the large fluctuations of interest rates over the past 10 years, which became one of the causes for the foreign debt crisis. [end recording]

### Senate President Comments

*PY0907235692 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jul 92*

[By Betty Veloso from Congress]

[Text] Senate President Mauro Benevides believes that the foreign debt agreement with private banks will be approved by the end of the month. The agreement must be approved before the end of the month, Benevides said. According to him, senators are expressing satisfaction over the agreement signed with creditor banks early this morning:

[Begin recording] I believe that according to the terms of the agreement proposed by our international creditors, we will approve the agreement reached with private international banks before the end of the month. [end recording]

The federal Senate has the faculty to authorize Brazil to contract foreign debt agreements, based on a resolution approved two years ago. One of this resolution's main requirements is to maintain payment capacity. That is, the country cannot promise what it will not be able to fulfill.

According to Senator Fernando Henrique Cardoso, who is also an economist, this agreement meets these demands, although there are other issues that still must be analyzed:

[Begin Cardoso recording] The agreements must comply with the terms the Senate prepared in advance. The Senate will thoroughly analyze this agreement, without any biased position, but thinking of Brazil. Surely, this has been an important step. [end recording]

The Senate's government leader, Marco Maciel, also said he believes the agreement will be approved quickly in the Senate. According to him, this agreement will bring stability to the economy and new foreign investments and loans to the country. However, economic growth still will depend on the fiscal reform's approval, Maciel said:

[Begin Maciel recording] Then this will create a very propitious political climate for a fiscal adjustment, because once the foreign debt issue is resolved, which has been the most crucial issue, the government can concentrate its energies and efforts, together with Congress, on resolving the fiscal issue. In this manner, Brazil will resume its economic growth. [end recording]

Senator Ronan Tito, who has followed the negotiations with the creditor banks, voiced assurances that the agreement is good for Brazil and it complies with the rules established in the Senate resolution.

### Governors See 'Economic Growth'

*PY0907190292 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 9 Jul 92*

[Text] State governors believe that the foreign debt agreement will help Brazil resume economic growth.

[Begin recording] [Pernambuco Governor Joaquim Francisco Cavalcante] It is good news, because Brazil can again ask for foreign loans. The agreement terms and interest rates will allow Brazil to resume growth in a shorter term.

[Rio Grande do Sul Governor Alceu Collares] The negotiation of the foreign debt is very important for the Brazilian economy. It will promote foreign investment in all areas of our economy.

[Rio Grande do Norte Governor Jose Agripino Maia] States will adopt the same type of agreement their negotiations with private banks. This will open possibilities for investment in states, without any privileged area.

[Sao Paulo Governor Luiz Antonio Fleury Filho] It is a major step forward that should be followed by other steps. I believe the agreement can promote foreign investment in Brazil, and I think this can help control recession and overcome the economic crisis. [end recording]

### Business, Union Leaders Views

*PY0907233692 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 9 Jul 92*

[Speakers identified by screen captions]

[Text] In the opinion of businessmen and union leaders, one of the main advantages of the foreign debt agreement is that more foreign capital will enter the Brazilian economy.

[Begin recording] [Teophilo de Azeredo Santos, president of the Ro de Janeiro Banks Union] This agreement opens a new door to foreign investors who were afraid of investing in a country that had not solved its foreign debt problem yet. Therefore, the agreement opens huge prospects for all of us.

[Carlos Alberto Reis, president of the Rio de Janeiro Stock Market] It was one more positive step toward our integration into the international financial community, the reorganization of our economy, and the internationalization of our economy.

[Labor Force union President Luis Antonio Medeiros] I hope our problems abroad, such as payments on the foreign debt, are solved so that Brazil can receive more investments. Brazil must grow. We need jobs.

[Jose de Alencar, president of the Minas Gerais Industrial Federation] We have good investment opportunities in Brazil and must, therefore, benefit from our national potential. This agreement will give us the opportunity to make this potential become real economic growth, which will, obviously, be used in financing our social goals. [end recording]

### Commentary on Agreement

*PY0907190592 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 9 Jul 92*

[Joemir Betting commentary]

[Text] The agreement that Brazil signed today after intense negotiations over the past three months is very good for our country. We will repay our debt with a 35 percent discount, which means a reduction of $14 billion. In addition, we will repay the debt over 30 years. We will pay with certificates, not with dollars. Also, for the first time, we will pay fixed interest rates, which were set at a low level. The interest rates are only four percent annually until 1988 [as heard] and six percent as of 1989. [as heard]

The government can once again undertake plans and projects for the next few years with these terms. The private area can reschedule its activities without the risk of an exchange rate collapse. In other words, the agreement will facilitate the adjustment of the eocnomy over the next few years, with less inflation and without recession.

### Government Releases Funds To Curb Recession

*PY0807204092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 5 Jul 92 Section 1 p 8*

[Report by Hugo Studart from FOLHA's Brasilia bureau; "impeachment" is given in English throughout article]

[Text] Planalto Palace has begun releasing funds and has decided to take measures aimed at curbing recession in order to receive the governors' support in the struggle against President Fernando Collor de Mello's impeachment theory. According to FOLHA DE SAO PAULO investigations, 12 of the 14 governors who have great influence in Congress are now opposed to impeachment.

The appropriations release began last week and it should continue as long as the CPI [Congressional Investigating Committee] is conducting its investigation. On 3 July, Planalto Palace called 10 governors from the Sudene [Superintendancy for Development of the Northeast] area for a ceremony at Planalto Palace on 8 July. The government did not inform the governors of the type of appropriations it will release. A circular letter also passed through the ministries on 3 July, asking to expedite the paperwork on any agreement involving the release of money for the Northeast.

On 2 July, seven governors from the Southeast and Midwest were called to Planalto Palace to sign an agreement on highway and infrastructure construction. Six of them explicitly defended the president. Some of the economic measures were announced the day before.

The main economic measure involved the deregulation of loans and car buyers' groups. At Planalto Palace, presidential aides believe the measures will reduce the recession, improve the governors' revenues, and grant Minister Marcilio Marques Moreira political survival. The entrepreneurs stressed, however, that the impact of the announced measures would not be significant.

The political equation being formulated at Planalto Palace, under the guidance of Minister Jorge Bornhausen, is fairly complicated —in the end, it depends on the results of the CPI investigation on the president's ties with Paulo Cesar Farias and the interests of the presidential candidates.

The president needs the governors to block a possible impeachment vote in Congress. The governors want money—and the president is willing to pay the price. Four of them, Antonio Carlos Magalhaes (Liberal Front Party-Bahia State), Luiz Antonio Fleury Filho (Brazilian Democratic Movement Party-Sao Paulo State), Leonel Brizola (Democratic Worker's Party), and Helio Garcia (no party membership-Minas Gerais State) also are striving for political interest in the [presidential] succession.

Thus far, only Roberto Requiao (Brazilian Democratic Movement Party-Parana State) favors opening impeachment proceedings. Joaquim Francisco (Liberal Front Party-Pernambuco State) is seeking a split with the government. Most governors, like Fleury, admit the possibility of an impeachment, depending on the results of the CPI investigations. ACM [Antonio Carlos Magalhaes] and Helio Garcia are against Vice President Itamar Franco, in any case.

## Sao Paulo Federation Rejects Dollarization

*PY0307140092 Rio de Janeiro O GLOBO in Portuguese 2 Jul 92 Economic Section p 28*

[Text] Sao Paulo—The Superior Economic Council of the Sao Paulo State Federation of Industries [FIESP] on 1 July released a document strongly rejecting a possible dollarization of the economy. Former Finance Minister Mario Henrique Simonsen recently advocated this proposal, which is causing a stir on the financial market. FIESP Council Coordinator Walter Sacca believes that this could be a government's desperate measure to curb inflation, a decision that will seriously affect the trade balance.

Sacca said: We are tired of laboratory projects which make guinea pigs of people and enterprises. Dollarization may jeopardize Brazil's international reserves, because the freezing of the dollar quotation will stimulate imports to the detriment of exports.

Some businessmen, however, advocate a semi-dollarization of the economy. Duratex President Paulo Setubal defended the dollarization of bank activities so that deposits and loans could be indexed to the U.S. currency. Setubal said that the measure will guarantee the permanence of multinational enterprises' resources in the country and will reduce loan tax rates.

He said: Dollar variations have been much lower than inflation, consequently, an indexed loan in dollars would be more attractive.

Former Finance Minister Mailson da Nobrega, who is also a FIESP council member, thinks that dollarization will be a leap in the dark and will be an unnecessary risk to international reserves. He says that only after the approval of fiscal and tax reforms should the government concentrate on this matter. He noted that the Argentine Government adopted this system because it has already worked with an informal indexation of the U.S. currency for 30 years.

## Economy Ministry Predicts Inflation in Jul

*PY0907170792 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Jul 92 section 1 p 13*

[By unidentified special correspondent to Brasilia]

[Text] The Economy Ministry has information that leads it to believe that inflation could increase between 2 and 3 percent in July, due to the consequences of Collorgate and the deepening of the crisis provoked by reports on the link between PC [Paulo Cesar] Farias and President Fernando Collor's family budget.

The information is contained in a bulletin that Minister Marcilio Marques Moreira asked his advisers to draft and have on his desk at Planalto Palace by 1600 on 6 July. The bulletin is written in technical terms.

This is thus the only negative factor to emerge in the economic sector since last weekend. Indicators such as employment and industrial production remain stable, and the economy minister continues to work on the basis of a 3 percent growth of the GDP during 1992.

The relative stabilization of the economic indicators have led some experts to believe that the economy has become "Italianized," because the succession of political crises in Italy has hardly affected production.

### Ministers Discuss Support for Economic Policy

*PY1007024092 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jul 92*

[Text] Some ministers who attended the Sao Paulo dinner given by Sao Paulo businessmen for Economy Minister Marcilio Marques Moreira said the meeting was a recognition of the government's economic policy.

According to Minister Secretary General of Government Jorge Bornhausen, the initiative represents a position consistent with those who defend the free market economy and modernization:

[Begin recording] I think it is a position consistent with those who always have defended the free market economy and the country's modernization. The government has been seeking these objectives and here we have found a harmony of ideas. [end recording]

Education Minister Jose Goldemberg said the meeting was an homage to a country that works and to a government engaged in modernizing Brazil:

[Begin recording] Look, this is not only an expression of support for Minister Marques Moreira. It is an homage to a Brazil that works, to a government engaged in modernizing the country, which will not allow it to be dragged down by accusations and allegations that can only disrupt the country's progress. [end recording]

According to National Economy Secretary Dorothea Werneck, the meeting served to strengthen the government's economic policy:

[Begin recording] I think this was very important because it became clear that it represents the support for the economic policy. I think this gives us an important thrust to continue with our work of modernizing the economy. [end recording]

Justice Minister Celio Borja stated that the dinner demonstrated support for the government's economic policy:

[Begin recording] Of course, the support is for the man who has dedicated many years of his life to a public cause, someone who sacrifices his personal interests on behalf of Brazil. But it is also support for an economic policy that does not only belong to the economy minister, although he is the conductor of that policy, an illustrious and dedicated conductor. But an economic policy is a government and not an individual policy outlined by this or that minister. It is a policy that Minister Marques Moreira helped the government establish, outline, and, now, implement. [end recording]

The dinner in honor of Economy Minister Marques Moreira attracted approximately 1,500 businessmen from different areas.

### Slump in Trade With PRC Reported

*PY0807022992 Rio de Janeiro O GLOBO in Portuguese 6 Jul 92 p 16*

[Text] According to Mofert [expansion unknown] data, trade between Brazil and China, after peaking in 1985 at a value of $1.4 billion, slumped significantly to barely $410 million last year. Chinese exports ($345 million) basically involved petroleum. Brazilian exports ($65 million) was virtually limited to pig iron, hematite, and polyethylene.

Discussing the substantial Chinese surplus as a factor that inhibits bilateral trade, spokesman Liu Xiangdong said Brazilian exporters are missing great opportunities on the local market. In this regard, he added: "China's policy is, under equal terms, to favor imports from developing countries."

It is really unfortunate that Brazil is not taking advantage of the multiple facilities offered by the [PRC's] economic opening, so as to establish solid bases for its exports to the promising Chinese market, which has nearly 1.2 billion consumers of increasing purchasing power. According to the Mofert expert, in fields with an internationally acknowledged know-how [preceding word in English], such as instant coffee and orange juice, Brazil would have indisputable possibilities of organizing joint ventures [preceding two words in English] with local companies to operate on the domestic and foreign markets, as allowed by the current new regulations.

According to the unanimous opinion of international observers, operations will be implemented during the 1990's in the Asian market, and China will be one of its main trade axes. Within a few years, with all the spaces occupied and with the currently effective incentives and advantages suspended, it could be too late.

### Government To Fund Environmental Projects

*PY0307012592 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 2 Jul 92*

[Text] The government will disburse 4.5 billion cruzeiros from July to September to finance projects proposed by nongovernment organizations [NGO's]. The Environment Secretariat is concluding the studies conducted on 362 projects proposed by NGO's that have applied to the National Environment Fund for money.

The government is also considering disbursing the $2 million proceeding from an agreement with the Inter-American Development Bank, IDB. The IDB agreement

will be signed in New York on 6 July. It envisions a total of $22 million being transferred to Brazil for the implementation of environmental programs.

The NGO projects are being evaluated by the National Environmental Fund director's committee. The committee will finish its job on 3 July.

### Transport Minister Accepts Invitation To Iran

*PY1007004892 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jul 92*

[Text] Transport and Communications Minister Afonso Camargo today received an invitation from the Iranian Government to head a business delegation to Iran.

Iranian Ambassador to Brazil 'Ali Majedi said Brazil has good technological knowledge in maritime transport and in telecommunications and microwave lines.

The minister accepted the invitation and will leave for Teheran in September.

### Germany Agrees To Finance Nuclear Plant

*PY1007005292 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 9 Jul 92*

[Text] The Angra-2 nuclear plant in Rio de Janeiro will be finished by 1997. This will be possible thanks to a financial agreement with Germany.

The Mines and Energy Press Advisory Department in Brasilia has reported that Minister Pratini de Moraes reached an agreement on 9 July with Germany to finance the finishing of the Angra-2 nuclear plant with $860 million.

A consortium of German financial institutions will be in charge of the financing. The resources will be divided in two parts: the first is $580 million that already has been provided since the signing of the nuclear agreement in 1975, and the second is $280 million that was negotiated during the minister's visit. The Brazilian Government will contribute the rest in cruzeiros, amounting to some $640 million.

The ministerial Press Advisory Department added that work on Angra-2 will resume this year, which will allow the creation of 10,000 jobs. The nuclear plant must be finished by 1997.

### * Priority Concerns of Armed Forces Discussed

*92SM0442B Rio de Janeiro O GLOBO in Portuguese 24 May 92 p 11*

[Text]

#### Navy Builds Nuclear Submarine for Launching in 2005

Brasilia—The Navy is putting all its energies into the construction of a Brazilian nuclear submarine, which would be seaworthy in 2005. But the shortage of funds and the "disastrous and frustrating attempts to use Brazilian private shipyards"—to quote Navy Minister Mario Cesar Flores, are leading to the "generalized obsolescence" of the Brazilian Navy. He said that while the Navy is seeking priority status for ship construction, it is faced with "the protectionism of the shipyards, which fail to meet deadlines and cost estimates" and that this results in overburdening the Navy Yard in Rio.

Meanwhile, after retiring three decrepit American submarines of World War II vintage, the Navy is operating three British submarines of the Oberon class and the German Tupy, the Navy's most modern submarine. Next year the Navy Yard is scheduled to launch the Tamoio, the first submarine to be built in Brazil. Two submarines are under construction at the Navy Yard with the assistance of Nuclep [Nuclebras Heavy Equipment, Inc.], which has technology necessary for the construction of resistant hulls. The Navy wants to build two more submarines of this class—the NAC II—at a cost of $350 million each, for a total of eight conventional submarines by the end of the decade. To reach the nuclear stage, an experimental submarine must be constructed that will be similar to a submarine with nuclear propulsion but that will have a conventional battery-powered engine.

Under the terms of an agreement with the USP [Sao Paulo University], the Navy is concurrently developing—at Ipero—the Aramar project for the construction of an 11-megawatt nuclear power plant, the embryo of the heart of the nuclear submarine. This project—which, according to Navy Minister Flores, has resulted in the expenditure of $500 million over a period of 11 years—has already succeeded in manufacturing the pellets of enriched uranium used as fuel for the submarine.

In addition to this submarine, the Navy is also building two corvettes—for a scheduled total of eight—and is reoutfitting six 1960's-vintage frigates. Two other corvettes are stagnating in a Southern shipyard. The Maua shipyard has been held responsible for the failure to complete two patrol launches on schedule. In addition to the lack of money, the problem at the Navy Yard is compounded by the outflow of specialized personnel, who are unable to endure the low pay.

#### Army Does Not Lose Sight of the National Border

Brasilia—The Army's greatest concern at present is undoubtedly the border region, primarily in the Amazon Region and Rio Grande do Sul. According to Army Chief of Staff General Antonio Joaquim Soares Moreira, the policy is to transfer troops from the urban centers to the small towns. The Communications Battalion of Rio de Janeiro will also be transferred to Santo Angelo in Rio Grande do Sul this year.

Since 1986 the Army has been developing modernization programs for the short, medium, and long term. The current program—FT-2000 (Ground Force 2000)—is the second phase of the planning and follows the FT-90 program, which was not fully implemented. The Army's

biggest equipment problem today is its transport vehicles, which the chief of staff expects to be scrapped within five years.

"The Army possesses a total of 20,000 vehicles, which have a useful life of 20 years," the general said. "It should be purchasing at least 1,000 vehicles per year but is not buying even 200."

The FT-90 program, which was concluded two years ago, reached the goal of 85 percent with respect to the purchase of the Urutu and Cascavel armored cars from Engesa [Specialized Engineers, Inc.]. Although the Army has no modern cannon, it can boast of a modern rocket artillery system: the Astros II, which was used in the Iraq War.

The remote-control missile guidance system is a by-product of the technology that is being developed by CIGE [Electronic Warfare Training Center] at Sobradinho, Brasilia, where approximately 100 officers are training to be modern spies who are capable of locating the enemy, discovering his strategy, and interfering with his communications.

The Army's aviation—in accordance with the priorities of that branch of the service—will reach the strength of two battalions within the next few years, one of which will be stationed at Taubate, Sao Paulo, and the other at Manaus. Already purchased are 52 helicopters—36 Panteras and 16 Esquilos. With the shipment of 20 Esquilos that are scheduled to arrive within the next two years, the Army plans to complete the development of its aviation arm by the year 2000. The training and maintenance in connection with this project will take place at Taubate.

### Air Force Flying Less in Order To Invest More

Brasilia—Better supplied with equipment than the two other branches of the Armed Forces, the Air Force has reduced its hours of flight and its hiring of civilian personnel in order to economize on available funds and apply them to the modernization of its aircraft. Its 16 Mirages have already undergone aerodynamic and electronic modernization, and the 42 F-5E Tiger II's have been revised. Its old P-16E's and F-5E's need improvements, as is also the case with its transport aircraft.

By the end of the decade, the Air Force expects to have the center at Alcantara in full operation and the Siscea [Air Space Control System] established. The most important part of this control system is Sivam [Amazon Region Surveillance System].

The Department of Electronics and Flight Security of the Air Force plans to install a radar and telecommunications network that will make total control of air traffic in the Amazon Region possible. In addition to its military application, Sivam will have its uses in civil aviation and in the fight against the drug and contraband traffic in the Amazon Region.

In their search for modernization, the three branches of the Armed Forces regret only that their respective contingents are smaller than they should be. As for their professionalization, the approach differs. Whereas the Air Force and the Navy treat the draftees as a "social project" that has no bearing on the efficiency of the troops, the Army regards them as essential. According to the Army General Staff, draftees make up more than 65 percent of the Army's complement of 1.9 million, whereas in the Navy (54,000) and Air Force (64,000), draftees constitute less than 1 percent of all personnel. Because the Army needs a large number of troops in wartime, the military chiefs defend compulsory service as the most economical and reliable system for recruitement.

### * Army To Purchase 20 Esquilo Helicopters

*92SM0442C Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jun 92 p 13*

[Article by Carlos Lovizzaro]

[Text] Sao Jose dos Campos—The Army Ministry will purchase a $61 million package, including 20 helicopters, from the consortium consisting of Helibras [Brazilian Helicopters, Inc.] and Aerospatiale (Eurocopter).

The purchase has been authorized by Planalto Palace and sent to the National Congress. "The transaction depends solely on the Senate's approval," says General Durval Antunes Machado P. A. Nery, commanding officer of the 1st Battalion of Army Aviation [Bavex], stationed at Taubate, a municipality in the Vale do Paraiba, Sao Paulo State.

The purchase is being treated as an annex to the earlier contract concluded with the same Helibras/Aerospatiale consortium, which resulted in a $250 million transaction involving the purchase of 52 helicopters, maintenance contracts, training, and replacement parts. The contract has a compensatory clause that provides for the purchase of Brazilian products of an equivalent total value and makes possible the sale—to France—of 80 Tucano trainer planes of Embraer [Brazilian Aeronautics Company] worth $180 million.

The 20 new helicopters are of the light Esquilo type and are destined for use as basic trainers. The contract provides for deliveries to begin in December and conclude five months later.

Army Aviation is subordinated to the Ground Operational Command, administered by four-star General Geisse Ferrari. At the present time, Army Aviation consists of one aviation brigade made up of a single battalion composed of 52 aircraft and approximately 1,000 personnel, including soldiers, sergeants, and officers.

The brigade's base is being constructed at Taubate. "Taubate was selected because of the existence in that

city of an industrial infrastructure to support the operations of the helicopter fleet," Nery explains. Bavex is currently operating in the Amazon Region from Manaus, with a detachment of six helicopters—a number that will be increased to 10 with the new acquisitions.

A total of $200 million has been invested in the infrastructure for the base at Tatuape [as published]. The prime contractor—CBPO [expansion not given], of the Odebrecht group of Bahia—has already completed the construction of two hangars, an apron for operations by the aircraft of the 1st Battalion, the administratiton building, and 300 housing units.

The first phase of the base project also provides for the construction of 250 additional residences as well as construction of the installations for the training center and for the logistic battalion that will maintain the helicopters and provide the ground support necessary for the execution of the missions. The project also provides for a landing strip 1,800 meters in length, along with a passenger terminal for military and civilian aircraft.

The general in command of Bavex acknowledged that the work is behind schedule. "The lack of funds caused by the recession afflicting our country," Nery admitted, "is interfering with the schedule." He had no precise estimate of the amount required to complete the first phase. "We shall go forward with the project as the funds become available," he said. Work on the project is being carried out while the base is in full operation, with approximately 1,000 military personnel involved.

The Army Ministry's program, known as Task Force 2000, calls for the Army's aviation arm to be composed—by the turn of the century—of two brigades and seven battalions, representing a total of more than 7,000 personnel and 312 helicopters. The 1st Brigade and the command of the Army's aviation arm will operate at the Taubate base with three battalions of helicopters and one logistic battalion. The 2d Brigade, including three battalions, will be stationed in the Amazon Region.

Maintenance of the fleet is a matter of concern to the Brazilian Army. For this reason, part of the $61 million will be used to purchase equipment that will make Brazil completely independent with respect to maintenance of the helicopters. According to its commanding officer, Bavex will undertake to make a commodatum loan of a part of the equipment to approximately 20 firms that emerge as winners in the bidding to be opened for that purpose.

**[Box, p 13]**

**Low Incidence of Accidents**

Sao Jose dos Campos—The fleet of 52 helicopters of the 1st Battalion of Army Aviation flew a total of 21,000 hours in two years of operation without any accidents involving the total loss of aircraft or crew. "We regard the results as exceeding expectations, because total losses usually occur every 5,000 hours during the the phase of integration of a force such as ours," commented Gen. Durval Antunes Machado P. A. Nery, commanding officer of Bavex.

Most of the time—about 60 percent—was spent on training, and the remaining time was spent on joint exercises with other units of the Army or on patrol or humanitarian missions in the Amazon Region.

Bavex operates two types of helicopter produced by the Helibras/Aerospatiale consortium: the militarized version of the Esquilo—a light helicopter designed for reconnaissance and attack—and the Pantera model, a midsize helicopter used to transport troops and materiel.

According to Gen. Nery, future acquisitions will take into consideration the need for large helicopters to transport troops and heavy equipment. Bavex is carrying out a series of tests that are expected to include the Russian model MIL.

## * Russian-Brazilian Firm To Build Aircraft

*92SM0442E Sao Paulo GAZETA MERCANTIL in Portuguese 29 May 92 p 12*

[Article by Joao Paulo Uriartt]

[Text] Porto Alegre—The first factory ever to build Russian aircraft in South America will be established in Sao Leopoldo, in the metropolitan region of Porto Alegre, by 31 July. The principal owner of the as yet unnamed company will be Treze Aeronautics Industry, Commerce, and Services, Ltd., headquartered in the City of Rio de Janeiro. Treze will hold 60 percent of the capital stock, while the remaining 40 percent will be divided between the Russian firms Aviatika Joint Stock Company [preceding name in English] and Yakovlev Company, both of Moscow. Treze is already representing the Russian partners on the continent by selling Aviatika's ultralight MAI-890 and Yakovlev's single-engine light YAK-112 and YAK-58. The new factory will be installed temporarily in a 300-square-meter hangar of the Aeroclub Leopoldense, but is scheduled to make its definitive move to a 50-hectare site adjoining the Aeroclub that has already been declared a public utility by the municipality of Sao Leopoldo. The new aeroclub will also be built on this site, in the town of Scharlau, inasmuch as it does not have room to expand at its present site. The new aeroclub will have, among other things, a 1,600-meter asphalt landing strip. Construction is scheduled to be completed in 12 months, and operations are scheduled to begin in the second half of 1993, with 600 employees. The total investment will be $12 million, of which Treze will finance 30 percent and the Russian partners another 30 percent. The Rio Grande do Sul State Development Bank (Badesul) will finance the remaining 40 percent by means of a 10-year loan, with payments deferred for five years and adjusted annually to bring them into line with the TR [Referential Rate] plus 1 percent.

Beginning in 1993, Treze will discontinue payment of royalties and begin building eight ultralight MAI-890's per month, five YAK-112'S, and three YAK-58's. By doing this, it expects to have sales of $2 million per month, compared with its current sales of $800,000 per month obtained for services of maintenance, modification, and technical assistance rendered to aircraft at its headquarters in Rio de Janeiro and its branch in Porto Alegre.

The idea of Treze Director-President Francisco Carlos Dambros—which has the support of Sao Leopoldo Vice Mayor Henrique da Costa Prieto—is to create an aviation industrial center in the municipality by transferring the firm's headquarters there from Rio de Janeiro. For the purpose, they are counting on support from the diversified local industrial park in addition to technical assistance from Senai [National Service for Industrial Apprenticeship] and from the University of Vale do Rio dos Sinos (Unisinos).

"In the future," Dambros explains, "all the components will be made here." He points out that many manufacturers of accessories and components are already committed, including Aeromot of Porto Alegre, which will manufacture seats; Oldi of Sao Paulo, which will manufacture brakes; Aldomar of Sao Paulo, windshields; and Rinaldi of Bento Goncalves, Rio Grande do Sul, tires. Until its factory goes into production, Treze is receiving semifinished aircraft from the Commonwealth of Independent States (CIS) and finishing them at its Rio facility. According to Dambros, orders have already been received for 50 ultralight MAI-890's. Scheduled for delivery in one year, these aircraft will be completed in Rio de Janeiro and delivered to customers in Rio, Fortaleza, Ceara, and Rio Grande do Sul—places where the consumer market for this sports model is concentrated—for a price that will vary between $20,000 and $25,000, depending on the particular version specified by the customer.

The MAI-890 is a single-engine biplane with an 85-HP Austrian engine, a top speed of 120 km per hour, and an endurance of 3.5 hours. It can be marketed in five different versions with either one or two seats and adapted to serve for sports use as a hydroplane, a glider, or even an autogiro, and also for police patrols, flight instruction at flying clubs, and agricultural spraying.

The YAK-112 is a single engined, high-wing, four-seater aircraft. Designed for use as a private passenger plane, it is capable of carrying small cargoes (of up to 350 kg), is powered by a 120-HP American engine, has an endurance of four hours, and is priced at $110,000. The YAK-58 is a single-engine, six-seater aircraft. It is powered by a 350-HP Russian radial engine with electronic injection, has an endurance of four hours, and is priced at $190,000.

As the only company in Russia that builds light aircraft, Aviatika intends to use Brazil as a base from which to conquer the South American market, according to the engineer and designer Kazimir Gydovetsky, who pointed out that the current situation in his country has obliged companies to turn from the military area to the international marketplace. "We are passing through a process of industrial reconversion and would have difficulty competing directly in world trade," he said. "For this reason we are forming partnerships and joint ventures' in various countries." He disclosed that the MAI-890 has already been marketed for two years in Europe and is different from its American competitors in that its climbing capability is 30 percent faster. It can climb to an altitude of 3 km in 12 minutes. Yakovlev—which is one of the principal suppliers of the state-owned airline Aeroflot—seeks to compete for market share against the world's most popular single-engine plane, the Cessna-172, which is also American-made.

### * INPE Authorized To Seek Loan for Satellite

*92SM0442D Sao Paulo GAZETA MERCANTIL in Portuguese 28 May 92 p 12*

[Article by Virginia Silveira]

[Text] Sao Jose dos Campos—The Brazilian space program—which has been held back in recent years by the lack of funds from the federal government—yesterday received definitive promises intended to enable it effectively to go forward. Economy Minister Marcilio Marques Moreira authorized the Aeronautics Ministry to obtain a foreign loan in the amount of $12 million for the launching of the first Brazilian satellite. An additional $5 million will be allocated by June for the China-Brazil Earth Resources Satellite [CBERS], as an advance payment from the budget of the National Institute of Space Research [INPE] in 1992.

This information was confirmed yesterday by Luiz Bevilacqua, assistant secretary for science and technology in the Office of the President, during the opening ceremony at the World Conference on the Monitoring of Forests in Sao Jose dos Campos.

Bevilacqua said that the progress of the Brazilian space program was included among the government's priorities for this year. "The launching of the satellite is important to enable Brazil to consolidate the technology involved in its system and thereby make it possible to develop other satellites," he said.

According to INPE Director Marcio Nogueira Barbosa, obtaining the funds for the satellite program will be a decisive factor in the negotiations in connection with setting a firm date for the launch. "We hope to resolve this question as soon as possible in order to ensure that the satellite will be placed in orbit by October of this year," the director emphasized.

Fernando Mendonca, representative of the Orbital Science Corporation [OSC] [preceding name in English], the manufacturer of the Pegasus rocket, said that because of the company's schedule, the launch could not be made before December of this year. Another viable date for the

company would be November 1993. Mendonca said the funds necessary for the transaction will be negotiated with the National Bank of Paris on terms that provide for international rates of interest, deferral of payments for one year, and three years for payment.

Mendonca said that the bank's proposal will undergo a technical evaluation by the Ministry of Economy. The loan will be guaranteed by the Bank of Brazil. It is anticipated that the contract with the OSC will be signed by mid-June.

**Satellites**

According to INPE Director Marcio Barbosa, the Brazilian satellite project was budgeted at $12 million, of which $7 million will be allocated to the launch operation. The Brazilian Complete Space Mission has a projected budget of $180 million and envisages the development of four satellites—two for the collection of environmental data and two for the observation—by remote sensors—of the earth between 1992 and 1996.

The initial plan was for the first satellite to be launched during Eco-92 [UN Conference on Environment and Development], 25 weeks after the signing of the contract with the OSC. At that time, according to the INPE director, there was no specific budgetary appropriation for the project. Today, the go-ahead for the loan that will finance the program is dependent on the Senate's approval.

The CBERS—which is being developed in cooperation with China—calls for the launching of two satellites for the observation of the Earth by means of remote sensors. Under the terms of the accord signed with China, Brazil will be responsible for 30 percent of the project that will be developed by the INPE, representing investments of $55 million, approximately one-third of the total of $150 million [figure as published] that will be invested.

According to its manager, Aydano Carleial, the program still faces serious problems with funding and also with the failure to reach a decision on certain details relating to control and operation by Brazil and by China of the system for monitoring the satellites. Carleial says that the official schedule for the launching of the first satellite has also become inviable because of the Brazilian Government's delay in releasing funds.

## Chile

### President Supports Compulsory Military Service

*PY1007115792 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 10 Jul 92*

[Text] Today [9 July] President Patricio Aylwin presided over the ceremony during which Army personnel pledged their allegiance to the national flag in (Pendehue). The president said that he was in favor of compulsory military service.

[Begin recording] [Unidentified reporter] President Aylwin received the appropriate military honors together with Army Commander in Chief General Augusto Pinochet in an atmosphere of harmony. On the reviewing stand military officers and civilian officials, and political leaders of the Socialist Party and the Independent Democratic Union participated in the ceremony during which cadets, officers, and draftees pledged their allegiance to the flag.

Brigade General Arturo Silva, deputy commander of the 2d Army Division, stressed to the young men in uniform their duty to defend the fatherland.

[Silva] You, who have the honor and the privilege of being the main reason for this moving ceremony, should never allow yourselves to be swept away by the wave of materialism and agnosticism which seems to be taking hold of many young men of the new generations.

Whenever we see with concern the prevailing tendency of certain strata of modern society to downplay the value of everything by arguing, for example, against the need for and fairness of compulsory military service, we can only seek strength in our own convictions.

[Reporter] Following the ceremony the Army commander in chief invited the president and other guests to toast to the flag.

The president emphasized the significance for the nation of this ceremony, which he himself underwent 50 years ago when he took the oath as a conscript.

[Aylwin] The ceremony entails a formal commitment to life, the understanding that life in itself is a task, that one does not live for onself alone but to serve, to serve one's family, to serve society, and to serve the fatherland.

Personally I am in favor of compulsory military service; I think it is a good thing. I understand that there are others who may hold different viewpoints, which I respect, but I am in favor of keeping this institution. [end recording]

### Cabinet Meeting Ratifies Government Policies

*PY0907171392 Santiago Radio Chilena Network in Spanish 1100 GMT 9 Jul 92*

[Excerpts] The government will continue to tread the same path. That is, it will continue to perfect the democratic institutional system, to handle the country's economy in a responsible manner, and to fight poverty, because the results of the recent municipal elections show that most Chileans back the government's policies in these fields.

This was one of the subjects discussed during the Cabinet meeting on 8 July.

According to Minister Secretary General of Government Enrique Correa, President Patricio Aylwin, the finance,

transportation, and foreign ministers, and the president of the Central Bank addressed the meeting.

President Aylwin made a political evaluation based on the results of the municipal elections, which show that the government must continue to tread on the same path in view of the 54 percent support obtained. The government, however will not adopt an overly optimistic attitude in view of these results. [passage omitted]

During the Cabinet meeting, the last one before President Aylwin leaves for Europe, it was reiterated that the reform of the judicial system and an expeditious decision regarding the electoral reform are priority issues for the government. [passage omitted]

Minister Correa noted that the government will not accept an isolated approval, or any of the draft bills submitted to Congress by government in the form of packages. He added that the government wants the package of reforms to be treated as a whole.

Economic policy was also raised during this meeting. It was stated that the government has no concerns in this field in view of the results of the municipal elections, which confirm that the economic policy implemented up to now is the right one. [passage omitted]

During the meeting Foreign Minister Enrique Silva Cimma also disclosed details of President Aylwin's upcoming visit to Europe, and read a report on the prospects of Chile's international economic relations with the United States, South America, the EEC, and Asia.

### Air Force Commander Views New Command Position

*PY1007013092 Santiago Radio Cooperativa Network in Spanish 2300 GMT 7 Jul 92*

[Excerpts] General Ramon Vega, Air Force commander in chief, deemed the creation of a command position to act during crises as very important. Gen. Vega met President Aylwin at La Moneda this afternoon to bid him farewell. The Air Force commander in chief is leaving for Kuwait and Israel with the defense minister.

Asked whether it is important to have the so-called command position functioning in emergency situations, he said:

[Begin Vega recording] Naturally it is. All crises must be synchronized at a determined point and, to this extent, communications are very important. Communication between the highest-ranking echelons and the other institutions must be fluid and swift. [end recording] [passage omitted]

He admitted that this new command will act in case of crises in the country or abroad. Asked whether his trip is aimed at purchasing Air Force materiel, he answered:

[Begin Vega recording] I will simply visit our young officers and NCO's who are working in such tough conditions in Kuwait. Then we will visit Israel to check on programs we are developing jointly with that country. I have heard that they are quite advanced, and I want to check on them personally. [end recording] [passage omitted]

## Colombia

### Poll Shows New Constitution 'Not Very Popular'

*PA0907142692 Santa Fe de Bogota EL TIEMPO in Spanish 5 Jul 92 p 3a*

[Text] One year after its ratification, the new Colombian Constitution is still not very popular. On the contrary, disappointment is wide spread and there is a general tendency to identify the country's pressing problems such as violence, corruption, and the lack of justice, with the promulgation of the Constitution.

A majority of the people polled responded that since 4 July 1992, the date when the Constitution was promulgated, corruption has increased, there is less justice, more guerrilla attacks, more taxes, less authority, and less order.

It has become quite evident that the benevolent principles offered by the Political Constitution have been overwhelmed by the daily problems plaguing Colombia. However, it is also valid to take into account that the Constitution was not promulgated simply to solve those problems, but to create a new democratic framework that in the long run will serve to solve those problems.

To get a better understanding of how each Colombian citizen feels about this issue, EL TIEMPO used the results obtained from a poll conducted by the well known firm Yankelovich Innova. EL TIEMPO has decided to measure, on a periodic basis, public opinion with respect to current significant national issues.

The poll took into consideration the opinion of those who voted in favor of the assembly as well as those who did not vote. The proportion of discontent is similar: In general, there is dissatisfaction with respect to the results of the Constitution.

It is somewhat disquieting that approximately 50 percent of those who voted in favor of an assembly now say that they would not vote for it a second time. Of the 487 persons polled who voted to elect the 70 delegates, 246 replied that they would not vote the same way a second time, while 212 persons said they would do it again.

It is also somewhat paradoxical that at a time when there is euphoria because of the creation of institutions such as the prosecutor general's office and the ombudsman's office, 34.9 percent of those persons polled indicated their frustration with the new Constitution and 36.7 percent stated their indifference. In other words, 72 percent of all Colombians polled do not feel satisfied with the Constitution issued one year ago.

It is by far most disquieting that only 13.6 percent feel the new Constitution has had a positive impact, that 30.5 percent feel negatively influenced, and that 53 percent do not feel it has had any impact on them. In other words, 84 percent of all Colombians polled feel they have not benefited from the new Constitution. In this case, the difference between those who voted for it and those who did not practically disappears, considering that a principal task of the constitutional guidelines is to persuade skeptics of the Constitution's virtues.

The questions that arise immediately concern whether the trusteeship action, for example, had a more pronounced effect on newspapers than on the Colombian people's daily lives. It is good to bear in mind that this right is one instrument that the new Constitution brought closer to the people.

The people's degree of knowledge of the Constitution is significant, however. While 45.8 percent of those polled said they knew the text—although this does not necessarily mean they had read it—51 percent said they are not familiar with the document. It is also necessary to take other things into consideration. Despite the indifference and even frustration that many people say they feel over the new Constitution, 64.6 percent agreed to give it time and said "it is too soon" to judge its results.

One of the most talked about issues last year was "the new country." Political renewal and the change of Colombian customs and even popular attitudes started to be discussed in earnest after discussion of the new Constitution. All of this was done within a complex sociological context that has been much criticized by the older generations. Well, more than half of those polled, 52.9 percent in fact, identified the Constitution with the country's renovation.

Those polled were given five concepts: renovation of the country, rights of trusteeship, unidentified judges, institutional confusion, and congressional morality. They were required only to say whether or not they identified these issues with the Constitution.

Little more than half, 52 percent, identify the Constitution with trusteeship. Less than half, 48.1 percent, identify it with the unidentified judges (who became fashionable when the AD/M-19 [19 April Movement Democratic Alliance] top leaders were summoned for trial). Curiously, only 43.9 percent identified the Constitution with institutional disorder (which became a reality with the confrontation between government branches, some of which had emerged from the Constitution itself, such as the Supervisorship and the Constitutional Court) and 47.3 percent linked it with morality in the Congress, a response very close to that of those did not, 46 percent.

Fifty percent said there is less peace since the Constitution was ratified; 25.4 percent that there is more peace, and 23.2 percent that the situation is still the same. According to 39.9 percent, there is less justice; 32.8 percent said there is more justice, and 24.5 percent affirm that the situation has not changed. According to 52 percent of those polled, there is less security. Higher taxes were cited by 83.1 percent; 37.7 percent said drug trafficking has increased; 61.1 percent think there are more guerrilla attacks; 41.3 percent said there is less police presence: 56.9 percent said crime has increased, and 41 percent said there is less order.

It can be seen that institutions, such as the administration of justice, which had recovered credibility with actions such as the issuing of arrest warrants against mayors and political leaders, came out in a bad light.

Summing up, the poll showed that Colombian popular opinion is more inconsistent than had been thought possible and that what was regarded in the recent past as the panacea of change may now be seen as a new source of frustration. What happens to children, who are often left back a year but who do not quit primary school, could happen to the 1991 Constitution. And children are even less inclined to quit now that automatic promotion has been established.

## M-19 'Getting Out of Hand', Occupy Radio Station

*PA1007042392 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 9 Jul 92*

[Text] The 19 April Movement, M-19, has begun to solve the internal crisis caused by the appointment of Gustavo De Roux as health minister. Approximately 400 national and regional leaders of the M-19 decided to support the new minister. However, the arrest of Marcos Chalitas is confusing M-19 members. Some of them are carrying out actions similar to those they performed as guerrillas. A group of M-19 members seized a radio station in Santa Fe de Bogota as a form of protest. Here is a report by Diego Hernan Canal:

[Canal] M-19 demonstrators are getting out of hand. Their leaders cannot control them. Those who arrived from Neiva in a march to obtain the release of Marcos Chalitas are carrying out forceful actions. They seized a radio station in Santa Fe de Bogota and stayed there all day.

[Begin M-19 leader Antonio Navarro recording] I learned about the station takeover when they were already there. I did not know they were planning it. When I found out about it, I sent word to them. I told them that if there was no resistance from the station, and if the action was completely peaceful, they could continue. [end recording]

There were no incidents while the 25 demonstrators stayed at the station.

[Begin Radio K News Director Cesar Valencia recording] Their presence was somewhat inconvenient, but that was all. [end recording]

All of this took place while the government, through Horacio Serpa Uribe, said that Chalitas' situation was out of its control and his case was being decided by a judge.

The station takeover was carried out peacefully. The demonstrators left at 1400 but announced that new protests would be held before they returned to Huila.

### Statistics Show Increase in Prices, Inflation

*PA0707192592 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 2 Jul 92*

[Report by Raul Gutierrez from the National Administrative Department of Statistics, DANE, in Santa Fe de Bogota]

[Text] Inflation is dampening Finance Minister Rudolf Hommes' successful efforts to have Congress approve more taxes. The consumer price index rose by 2.24 percent in June. The price of food and toiletries burst the family basket.

The price of potatoes, plantain, onions, and beef, which are staple products for most Colombians, skyrocketed and registered the second highest inflation rate in the past 10 years, according to the National Administrative Department of Statistics [DANE]:

[Begin DANE Director Rodolfo Uribe recording] The consumer price index rose by 2.24 percent in June, stood at 17.76 percent for the first semester, and stands at 28.13 percent so far this year. The price of food, especially of tubers, which rose by 13.57 percent this month, had the strongest influence on the increase in the consumer price index. [end recording]

The price of beef is another matter. It increased by an average of 5 percent in June. In an attempt to save money, consumers purchased lower priced cuts rather than choice cuts, but this strategy turned out to be futile because, for example, the price of ribs rose by more than 6 percent.

[Begin unidentified consumer recording] The money we carry weighs more than what we can buy with it. [end recording]

However, not only food prices raised inflation. The increase in the price of toiletries like razor blades, deodorants, and soap contributed too. The economic opening, which led to a reduction in tariffs on imported raw materials to produce these goods, has not led to the promised price reductions. Finance Minister Hommes' promise to import such items has not materialized either.

The government has no specific food or shortage reduction plan in place. Colombians are spending on food 45 out of every 100 pesos they earn. The price increases mean there is simply less money to buy food as time goes by.

### Commerce With Venezuela 'Booming Unexpectedly'

*PA0907194492 Santa Fe de Bogota EL TIEMPO in Spanish 5 Jul 92 pp 1a, 1c*

[Excerpt] Commerce between Colombia and Venezuela is booming unexpectedly. Our country's cargo movement to Venezuela grew 280 percent in the first five months of 1992. Our global trade with Venezuela increased $750 million in 1991, and this amount will surpass $1 billion in 1992.

Many observers believe that businessmen in both countries have finally discovered each other. A year ago there was only one direct flight to Venezuela every week. Today, there are four flights.

In addition to independent businessmen, three Colombian business missions will visit Caracas during the next 90 days. The number of guests at the main Caracas hotel has grown substantially and they are not tourists.

The integrationist fever, however, is also developing in Venezuela. During the past month, there have been five forums on economic integration in Caracas. The main topic at three of these forums was: How to negotiate with Colombia. [passage omitted]

### External Coffee Sales Suspended as of 10 Jul

*PA1007044092 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 9 Jul 92*

[Text] Colombia has suspended its external coffee sales. The decision was made on 9 July and will become effective on 10 July. The announcement of a special congress of coffee growers scheduled for next week in Bogota has prompted price speculation in European and U.S. markets. The special congress will make economic adjustments. It will probably reduce internal prices and will eliminate subsidies to avoid a total crisis in the national coffee fund.

Colombia has lost $700 million since the free market began three years ago. That loss, which was caused by a drop in coffee prices, has been charged to the national coffee fund.

### * Coffee Eradication: Unemployment Effects Noted

*92SM0471B Santa Fe de Bogota EL ESPECTADOR in Spanish 15 Jun 92 p 9A*

[Text] The eradication of 100,000 hectares of coffee, which will permit reduction in the bean crop by 1.5 million sacks, will take place in accordance with the level of production of each department.

The 13.3 percent of qualifying coffee lands will have to disappear within a short time.

In this country, 750,000 hectares of the crop fulfill that condition.

The measure will put some 80,000 people out of work, because coffee and flowers are the agricultural products that demand the highest labor force.

In Antioquia, for example, where 18.2 percent of the country's total crop is found, they will have to eliminate 18,200 hectares. In Caldas, 12,500; Tolima, 12,000; Valle, 10,000; Quindio, 8,900; and Risaralda, 7,500.

These percentages correspond to the 1980 coffee census.

The eradication program will be directed particularly at the medium and large coffee growers, who receive up to 1.2 million for each block that they substitute with other crops.

**Conditions**

Growers participating in the plan will have to refrain from planting coffee for five years.

In addition, they will have to sign a document stating that if they do not fulfill the contract, the money they received for reducing coffee plantings will convert automatically to a loan at a commercial rate of interest.

Among the most feasible and profitable activities to replace coffee are ranching, citrus, banana, and vegetable growing.

The coffee financing policy will be restructured because it is not compatible with credit lines for planting when there is an eradication plan.

The National Coffee Growers Committee worked quickly to prepare measures that will allow a reduction in production volume of 1.5 million sacks as soon as possible.

**Losses**

If the lower international prices of the bean continue and the effort to reestablish the quota system fails, the National Coffee Fund will surpass 400 billion by the end of 1992.

Since the breaking of the pact three years ago, Colombia has lost some $1.5 billion, an amount greater than annual exports of the product.

One of the reasons for the depressed prices is that consumers have 19 million sacks in their possession.

In addition, there has been a clear stagnation in demand because of the economic recession in the United States, the European Economic Community, and Japan.

National Coffee Growers Federation General Manager Jorge Cadenas Gutierrez has just reviewed the industry at the world level and points out that in the last 36 months, producers have not received $10.715 billion, despite having increased exports by 28.6 million sacks.

This fact, he explained, when translated into the economics of many coffee growing countries, constitutes a serious disequilibrium in the balance of payments, the loss of jobs, diminished social programs, lower fiscal revenues, poverty among producers, and the breakup of coffee institutions.

Nor have the marketers and roasters, he noted, escaped the ravages of the free market.

## * Petroleum Industry Opposes Oil Production Tax

*92SM0456A Santa Fe de Bogota EL ESPECTADOR in Spanish 7 Jun 92 p 3B*

[Commentary by Simon Martinez Emiliani, executive director of the Petroleum Industry Information Center: "Oil and Tax Reform"]

[Text] The nation's oil industry did not have a good year in 1991. Indeed, it is going through a difficult situation in terms of security for personnel, equipment, and facilities because its operations are conducted in remote, inhospitable areas that are very difficult and costly to protect.

This factor is a likely cause of a tangible reduction in the industry's activities in the country. Exploration and seismic activities declined last year compared with the past four years. Only 51 exploratory wells were drilled in 1991 versus an average of 73 for each of the immediately preceding years. In terms of seismic work completed, the total for 1991 was 7,715 km compared with an average of 10,276 km for each of the past four years. This decline in exploratory activities resulted in a drop in reserves to some 1.8 billion barrels, only enough to supply the country until 1996.

**Uncertain Future**

Despite the discovery of the Cusiana field in the Piedmont plain, the future of the oil industry in our country is still uncertain. Factors such as security, profitable investments, and stable rules applied to the sector will play a decisive role in developing and increasing activity in our country. If the Cusiana oil reserves live up to expectations, Colombia will continue to export crude beyond the year 2000.

In order to do so, however, the country will have to offer greater incentives to foreign investment so that oil companies will continue to step up exploratory activities aimed at discovering more oil and thus sustaining exports.

As a result of the coffee crisis, oil is the basic pillar of the Colombian economy and oil exports now account for 30 percent of the country's revenue. In addition, hydrocarbons generate 54 percent of the gross domestic product by sector, according to the National Planning Department.

**Discriminatory Tax**

It is for that reason that I view the special levy on oil production, the so-called "war tax," to be a clearly

discriminatory and antitechnical tax because for it fails to take into account the individual profitability that in each particular case depends on the quality, cost, and type of contract. In addition, it runs counter to the basic principles of taxation contained in the new constitution. This single tax means that the government's participation in partnership contracts is among the highest in the world and places Colombia among those countries receiving the greatest yield from oil operations.

The purpose of the special tax is to provide the government with increased revenue enabling it to improve security in the country, a situation affecting all sectors of the national economy. I believe that the fairest approach would be to apply the tax to all taxpayers, who are also seriously affected by the lack of security.

It is also cause for concern that certain sectors believe that the oil industry resists any type of taxation. For example, various reports presented for the consideration of the commissions include additional taxes that would be placed on the industry, such as a stamp tax on partnership contracts and an increase in oil and gas pipeline rates.

Under such circumstances, I harbor no hope of seeing new oil investments coming into the country in the future, the lack of which would signify grave consequences for Colombia's economic development.

The country would cease to be competitive on the international oil market.

The high tax base then characterizing the country would divert investments earmarked for Colombia to other countries offering better economic terms without the grave security problems from which we suffer.

If oil is now the basic pillar of the country's economy and if we want it to continue to be, then it is only logical to tax it in accordance with international law in terms of equity and profitability. Otherwise, we shall see no new investments in our nation's oil industry.

## * Impact of Closer Ties With Mexico Viewed

*92SM0454A Santa Fe de Bogota EL TIEMPO in Spanish 2 Jun 92 p 4B*

[Article by Marcela Escobar R.: "In G-3, Is Mexico the 'Hard-Liner'?"]

[Text] The government's decision to move forward this year on freer trade with Mexico came as no surprise to manufacturers.

Before such negotiations begin, manufacturers will present an analysis of our national industry's ability to compete with Mexico, an analysis that will be used as a basis for the negotiating group when it comes time to discuss the exemption process.

The work was divided up among Trade Union Council members with the idea that each one would complete a sectorial study, principally in areas where Mexican industry enjoys the greatest advantages. More than 20 studies were undertaken, but not all have been completed.

According to one preliminary analysis, Colombia is competitive in ready-to-wear, finished leather goods, the textile industries, both cotton and wool, and light manufacturing in general, if a number of obstacles are overcome.

Mexico's strong suit is industries that rely heavily upon oil and its derivatives and the iron and steel, metallurgy, and automotive industries. These sectors are highly developed in Mexico and enjoy large-scale savings, such as access to cheap raw materials.

Manufacturers in our country have expressed concern over any liberalization in such areas. Fedemetal [Colombian Federation of Metal Industries], which includes the iron and steel and metallurgy industries and assemblers, has gone so far as to propose the suspension of negotiations, a move connected with the difficult situation businessmen are enduring in terms of energy rationing.

Nevertheless, the decision to join with Mexico in the Group of the Three (which also includes Venezuela) was approved by President Cesar Gaviria as part of the 1992-1994 foreign trade strategy. It was announced that the three presidents will meet in the days ahead to work out details of the integration.

### Mexican Obstacles

The trade balance between Mexico and Colombia has traditionally been tipped in the direction of the Aztecs, and last year was no exception. Sales to that country amounted to $55,276,000, while imports totaled $154,107,000.

This situation has caused the government to put pressure on Mexico to move ahead on a program of liberalization in the near future.

However, before the negotiation of tariffs begins, studies agree on the need to establish clear procedures for certificates of origin in order to prevent any "break" in the Group of the Three's [G-3's] universal tariff through the free trade zone that Mexico is now negotiating with the United States.

The certificate of origin is a statement issued by the respective government guaranteeing that the product in question was produced in that country.

Manufacturers fear that if no clarification is forthcoming on this point, the national market will be inundated with American goods via Mexico, taking advantage of preferences agreed upon as part of G-3.

### Possible Markets

Another obstacle in trade with Mexico noted in the report drafted by Analdex [National Association of

Exporters] is the price system set up in that country between industries at different levels of processing, a system that implicitly contains a number of subsidies.

The system mainly affects the petrochemical, automotive, and iron and steel industries and derivatives via production chains. Precisely when the subsidized element is to be presented remains to be determined.

Barriers to the entry of Colombian flowers have also been detected due to strict phytosanitary measures that must be reviewed.

Colombia's strength lies in the agricultural sector and other areas where it has extensive possibilities of competing on the Mexican market. The problem is the stiff protection that country has established in the form of tariffs and other phytosanitary restrictions.

At the same time, farmers fear that Mexico will exclude most of these products from the liberalization treaty as it did in its agreement with Chile, inasmuch as it is an area deemed sensitive.

Among the trade restrictions detected are variable tariffs on sugar that noticeably raise prices on foreign products.

Ready-to-wear and finished leather goods also have a future in negotiations, according to Asocueros [expansion unknown] and Asconfeccion [expansion unknown] studies, provided that special treatment is granted to assemblers or that they be excluded from negotiations.

Assemblers have the possibility of temporarily importing raw materials and consumable expenditures for assembled products for export under special conditions that would create unfair competition for Colombian ready-to-wear.

Leather products are competitive, but lose some advantages due to the large amount of raw material wasted because of the poor quality of Colombian leather.

Another sector that would benefit from the liberalization is cotton and woolen textiles. Despite having to pay more for raw materials than is the case in Mexico, the industry is more efficient in turning out highly finished products.

The publishing industry also has possibilities on this market, although it fears that in the case of graphic products and packaging, domestic demand may decline as a result of the impact of the liberalization on the food and cosmetic industries.

Colombian industry has weaknesses in the automotive, iron and steel, metallaury, and petrochemical industries.

The automotive sector fears it will be destroyed by Mexico because of the vastly different scales of production in the two countries and the resulting advantages for Mexico. According to a sectorial study completed by Acolfa [Colombian Association of Auto Parts Manufacturers], Colombia produced 44,000 units last year, a figure equaled and even surpassed by Mexico in a month. Total Mexican production for 1991 was 1.1 million units.

The Mexican market is supplied by 10 firms that operate in the country. Imports are limited to finishing plants subject to tight controls. They may start to import only when they have achieved a ratio of 2 to 1.

Vehicle and engine assembly plants total 43, plus another 161 assemblers, 33 of which belong to the United States and four to Japan. South Korea, Germany, and Canada also have invested in this activity.

The picture is totally different in Colombia, which has three assemblers. Three more have permits to operate, but have not yet started production.

The automotive parts sector includes 500 enterprises, compared with Colombia's 200.

One problem which the study done by ANDI [National Association of Industrialists] and Acoplasticos [Colombian Association of the Plastics Industry] found in the petrochemical industry is Mexico's sectorial policy, which applies subsidies to sales prices for basic raw materials from the secondary industry.

The government has therefore recommended that priority be granted in negotiations to the discussion of subsidies.

Despite different terms of competition, a complementation agreement has been recommended aimed at taking advantage of commercial trade that would be beneficial to Colombia in the area of certain petrochemical products.

In the iron and steel and metallurgy industries, Fedemetal is analyzing competitiveness based on 150 products in an attempt to determine the impact of integration.

Preliminary calculations done by Incomex [Mexican Foreign Trade Institute] last year indicate that the Mexican iron and steel industry works on a scale 10 times greater than that of Colombia, while the sector's imports equal those of Colombia.

The study nevertheless recommends freeing up goods that are not produced nationally but are made in Venezuela in order to increase the supply.

## Peru

### Army Commander, Generals Reaffirm Loyalty

*PA0907153592 Lima Global de Television Network in Spanish 0100 GMT 9 Jul 92*

[Text] General Nicolas De Bari Hermosa Rios, commander of the Armed Forces Joint Command and general commander of the Army, has said that the Army is more united than ever and rejects the attacks by those

who would like to divide it and even see it involved in partisan politics. He made these statements at a ceremony promoting institutional unity, during which he also expressed support for the National Emergency and Reconstruction Government.

It was somewhat of a surprise ceremony held at Gen. Rafael Hoyos Rubio Fort in Rimac. All Army commanders arrived ready to renew their loyalty oath to the organization, under the command of Gen. Nicolas De Bari Hermosa Rios. Hermosa Rios received a personal greeting from each of the commanders of the country's five military regions. During his speech, the commander defended the Army from the attacks launched against it by several sides of the political scene, particularly those seeking to lure the Army into interfering in partisan politics and those who seek to eliminate the organization all together.

[Begin Hermosa Rios recording] A few days ago, a person whose attitude shows that he is a Peruvian only by geographical accident, made harmful statements against your institution and against its members. Some have seen these attacks as unimportant and the result of political immaturity. For us, they have a different and very serious meaning. We do not say this lightly, as do those who see our problems through the distorted lens of distance and lack of information. For us this is a well prepared attack, which is part of a systematic plan to harm Peru. [end recording]

The Army commander ended his speech by encouraging his men to follow the example of the heroes of the past and not to lose their pride in being a Peruvian soldier.

[Begin Hermosa Rios recording] Today, more than ever, we fully feel the pride of being a soldier of Peru. Long live the Army [crowd shouts: "Long live."] Long live Peru [crowd shouts: "Long live."] [end recording]

## MRTA's Polay Warns Against 'Lebanization'

*PA0907130192 Mexico City NOTIMEX in Spanish 1714 GMT 8 Jul 92*

[Text] Lima, 8 Jul (NOTIMEX)—Victor Polay Campos, leader of the Tupac Amaru Revolutionary Movement [MRTA], on 8 July warned about the risk of "Lebanization" taking place in Peru and reasserted his willingness to participate in a dialogue like the one that took place in El Salvador.

In his first newspaper interview since he was captured on 9 June, Polay, alias Commander Rolando, told the newspaper LA REPUBLICA that the country "is advancing toward a precipice. In view of the policies being applied, it is not an exaggeration to say that Peruvian society will undergo a 'Lebanization' in three or four years." Polay expressed the hope that the Maoist group Shining Path and the MRTA "will probably control several areas" in the country.

He added that the Army and the so-called peasants' patrols (self-defense groups), who operate independently, would do likewise. He wondered, however, if it is necessary to wait for civil war to break out in Peru. "We cannot wait for 'Lebanization' to occur in Peru to reach an agreement. We realize that civil war can be averted only through a great national agreement, which makes it possible to change the basis of our society," he added.

He reiterated that his organization is willing to talk with President Alberto Fujimori's government but without laying down arms as a prerequisite. "In no talks anywhere in the world are arms first laid down."

He said El Salvador's experience is very illustrative and that what happened in that country "could be taken into account."

Polay, 42, said the peace process in El Salvador took many years after the Farabundo Marti National Liberation Front proposed a dialogue. "Ten years had to elapse for the military forces and the rightist parties to understand that a military solution was not adequate," he pointed out.

Polay regarded his proposal for a "national agreement" as "an important and fundamental instrument for Peruvian society, an instrument that can stop the progress of violence in the country." He regarded the participation of the Armed Forces in this process as necessary.

Polay said the Episcopal Conference and former UN Secretary General Javier Perez de Cuellar must play a very important role as mediators in the talks and the dialogue to reach specific agreements.

He admitted that his arrest was "a significant blow" to his organization but denied that his group decided to talk to the authorities because of the MRTA's weakness. "The movement's proposal is consistent with its political and military activities," he said.

Polay, who in July 1990 headed a spectacular escape of rebels from a maximum security prison in Lima, was recaptured in this city during a police operation against subversives.

The Peruvian Government believes Polay's arrest will speed up the MRTA's defeat. Fujimori reiterated that he expects to defeat the rebellion before his term ends in July 1995.

## De La Puente, Opposition Parties Resume Dialogue

*PA0907191192 Lima Global de Television Network in Spanish 0100 GMT 9 Jul 92*

[Text] The dialogue between the Oscar de la Puente and opposition parties resumed on 8 July. The arrival of the council of ministers president began the second week of talks with the political parties. This week, groups with no parliamentary representatives will be heard. The first to be summoned for this new round of talks were the

leaders of the Social Affirmation Movement [MAS], led by Gloria Helfer, a former minister of state.

[Begin Helfer recording] We have expressed the need to clearly establish the rules and the dates, before 28 July, so as to coordinate the events on the political and social agendas. [end recording]

The Mariateguista Revolucionary Party [PMR] delegation, including Oscar Ugarte, Julio Castro Gomez, and Michel Azcueta, arrived next.

[Begin Azcueta recording] If they are talking about democracy, why postpone the municipal election? It should be held this year. [end recording]

The talks with Foreign Minister De la Puente will continue on 9 July with the dissident group from Change 90 grouped in the Parliamentary Fraternity Movement [Movimiento De Cofraternidad Parlamentaria] led by Wilfredo Alvarez. An hour later, Edmundo Murrugara, of the Socialist Convergence party will be scheduled. On 10 July, the minister will meet with Genaro Ledesma Izquieta, of the Popular, Student, Peasant and Worker Front [FOCEP] and Carlos Blancas Bustamente of the Christian Democratic Party.

Following this second round of talks, the council of ministers will agree upon a date and time to hold a meeting with all the political parties together.

## Venezuela

### Perez Invites Major Parties To Discuss Economy

*PA0907224492 Caracas Venezolana de Television Network in Spanish 1600 GMT 9 Jul 92*

[Text] Representatives of the Democratic Action Party [AD] and the Social Christian Party [COPEI] were invited to participate in the 9 July Council of Ministers meeting and be briefed by the government on Venezuela's economic situation and strategies that will be implemented to find solutions to the crisis.

[Begin President Carlos Andres Perez recording] I have invited a large representation of Venezuela's two majority parties, AD and COPEI, to participate in today's Council of Ministers meeting to give them a full and detailed report on the country's budget and economic situation. We will also stress the need to approve the measures we sent Congress that are aimed at making sure Venezuela's formidable efforts are not overturned, because we were unable to complete the essential aspects of the economic reforms begun in 1989. [end recording]

Early this morning, however, Hilarion Cardozo, COPEI president, visited the Miraflores Presidential Palace to excuse his party from the meeting as it was unable to participate in the discussions. He also expressed his opinion on the economy.

[Begin Cardozo recording] The party is willing to help find a solution to the country's economic problems. All the political parties in Congress need additional information, because they feel the information they now have is incomplete. It is insufficient for drawing any conclusions about these laws. That is precisely what the president wanted: to give us the necessary explanations now so the majority parties could summarize it later. As we cannot attend the meeting with him today, we will find the best way to get the information later. [Words indistinct] then we will know what steps the party will take. The party is not against discussing the laws, but it will present the modifications we feel are necessary. [end recording]

AD did participate in the meeting and presented several proposals for solving the economic problems.

[Begin AD President Armando Sanchez Bueno recording] This was an informative meeting about the financial and fiscal draft bills presented before Congress. We brought a report by the Financial Commission, approved on 8 July, on a series of drafts presented for the first debate in the Chamber of Deputies. [end recording]

### Several Constitutional Reform Articles Approved

*PA0907141392 Caracas Venezolana de Television Network in Spanish 0000 GMT 9 Jul 92*

[Text] Article 34, according to which congressmen must work exclusively for the body they belong to, whether it is the Senate or the Chamber of Deputies, was approved on 8 July during the continuing debate on constitutional reforms. Articles 33, 38, 39, and 40 also were approved. In addition, the presiding commission designated a special subcommission, headed by Deputy Ibrahim Sanchez, to study the Antonio Rios case.

The debate on Article 34 of the proposed constitutional reform led to the participation of and a heated discussion by numerous attendees. The article states that no activity requiring more than half the normal work period is compatible with the work of the congress. The discussion centered around whether or not it is good for the country that deputies and senators carry out several functions simultaneously.

One group of congressmen fully backed the proposal presented by Jose Rodriguez Iturbe, who portrays the congressmen's functions as a public service and bans them from receiving any additional remuneration, salary, or allocation. Other congressmen voiced their objection to this measure, which they regard as excessively restrictive. The article was sent back to the drafting commission, which must report the final text to the Chamber of Deputies as soon as it is finished. Article 35, which deals with international agreements, was discussed immediately thereafter. The paragraph on integration treaties was objected to by Alvaro Silva Calderon, who asserted that in the article the congress delegates its authority to approve such agreements and treaties.

At the current pace that the constitutional reforms proposal is being discussed, it is likely that the Chamber of Deputies debate will be over by the end of July.

*** Caldera on Perez, Military, Elections**

*92SM0460A Caracas EL DIARIO DE CARACAS in Spanish 1 Jun 92 p 31*

[Interview with former Venezuelan President Rafael Caldera by correspondent Marcel Granier; place and date not given]

[Text] Former President Rafael Caldera warned last night on the program "Primer Plano" [Close-up] that the physical elimination of opposition figures could cost the present chief of state his political power.

The noted political figure made the statement in commenting on repeated remarks by the former chief of the Military Intelligence Directorate, Herminio Fuenmayor, who recently stated that terrorist attacks could take place against President Perez, writer Arturo Uslar Petri, prosecutor Ramon Escovar Salom, and Caldera, himself.

During the interview by Marcel Granier, the former chief of state commented on the condition of the country and proposed specific solutions for a democratic outcome to the crisis, one of them the resignation of President Perez, which he described as the most sensible and honorable course for the president of the Republic.

**Caldera: I Am Not Running for Office**

[Granier] Why do the people identify with you? Why are you saying the things you say, and why are we not discussing solutions to the crisis? Are you saying that you want to be president, and why do you feel that way?

[Caldera] At the moment, we are seeing a country that is full of confusion, complete confusion, all of these things that happen every day. You say, well, where is all this going to lead? It once occurred to me to say that Venezuela was like a puzzle, that all the pieces were scattered and did not fit together, but if we put the puzzle together a beautiful country will come out of it, because the country is very beautiful. What you are saying is a very curious way of fighting. I am going to give you this example: When Dr. Uslar and I, among other Venezuelans, respectfully suggested to the president of the Republic that a decorous solution would be for him to resign, well, what were we proposing? A national agreement, so that a respected person, preferably independent, would assume the Presidency of the Republic until the end of the constitutional term of office and with a new team to open a new path.

Therefore, I was not seeking an electoral campaign in which I was the candidate. On the contrary, I was looking for a way to ensure that the constitutional term of office ended normally, on 2 February or 23 January 1994.

Then, when that formula is angrily rejected, the formula for shortening the term of office emerges, then they say: Aha, since Caldera is leading in the polls now, he is looking for elections. Because now he can win, and later, no. Then why do they not choose the first formula, that of the president's resignation, which brings the term of office to a normal, peaceful, constitutional, and democratic end .

[Granier] A very interesting thought. The whole country recognizes that the present leadership is totally and completely discredited. In the four months that have passed since 4 February, there have been all kinds and types of promises, of corrections, of reforms, and nothing has changed.

[Caldera] It occurred to me to say: Who is going to believe this? Hah, as if I had said something indiscreet, but it is the truth.

[Granier] That is the indiscretion said by 12 million Venezuelans.... Every time that you, Dr. Uslar, Minister Ochoa Antich, the cardinal, the prosecutor, the comptroller, or anyone who enjoys the esteem and respect of the country makes a proposal aimed at preserving constitutional continuity and legality, you are the object of all kinds of taunts, defamations, calumnies, accusations, false interpretations. There are even foreign advisors in the country who are famous for their dirty campaigns, and you know it.

But, on the other hand, there is something that worries me even more, the presence in the country of foreign mercenaries. No one knows what they are here for, but we all suspect that it is nothing good.

In the second place, this whole campaign to create the idea that you and the others can be the object of terrorist attacks. It worries me enormously that a man as closely connected to the president of the Republic as General Herminio Fuenmayor is, despite some very outstanding leaders of AD [Democratic Action], continually issuing threats against you and Dr. Uslar. [end Granier]

Marcel Granier also said that there are two disinformation campaigns, one related to the rumored video tape of the Bolivarian Movement, and the reactivation of Cobra Negra [Black Cobra], situations that he regards as very serious.

[Caldera] You have mentioned things that are undoubtedly very serious, Marcel. At the moment there is something unfortunate, and that is that in official circles with which we are in open opposition and that we believe should make a real and fundamental change in the leadership of the country, we are being called, in one form or another, coup organizers.... They have said terrible things about Uslar, also about Escovar Salom, about everyone in the opposition. Fuenmayor's statements are absolutely anomalous, because a man who has just held a position of much trust in the Venezuelan Armed Forces cannot speak that way. Furthermore, as you say, we all believe that he maintains a very close personal relationship with the president of the Republic.

Death threats. Well, from the moment that a politician enters the fray, when the fight is hard, he faces them everywhere, and sometimes there have even been attempts that might have been serious. I think it would be the greatest folly; well, it is not necessary to mention that the murder of Aquino cost Ferdinand Marcos his political power or that the murder of Chamorro cost Somoza his power; these things are common in the political history of peoples. If they have brought in mercenaries, the most benign interpretation is that they were brought in to protect the life of the president because they do not trust the Venezuelans who are supposed to protect him. That would in any case be something extremely serious. But to bring them in to commit a crime of that nature would be the greatest stupidity; it would be absurd, monstrous.

Now, the president and the people who support him have to understand that those of us in our position are trying to find a democratic solution for the country because we are in agony over the possibility of a nondemocratic solution. Why are we in agony over the possibility of a nondemocratic solution? Well, the statements made by the minister of defense cannot be ignored. He has made them on this very program. He made them in a meeting with the committees of the legislative houses. He has made statements to the press. Knowing Ochoa Antich as I know him, I have been his friend for many years, he is a man of democratic education, of democratic convictions. I cannot believe that it is a threat, but it is a warning. It is a warning that cannot be ignored because it comes from someone in a position where he must have very great knowledge of certain circles.

[Granier] He knows what he is talking about.

[Caldera] But rather more than I thought. I do not want to believe that within the FAN [National Armed Forces] there is a conspiratorial movement or a new conspiratorial movement for a new military action. But civil society is increasingly taken with the idea that something must be going on here. I meet very solid people, very respectable, very friendly people who demonstrate solidarity and sympathy, who congratulate me on the positions I have taken, but who tell me: This is not going to change; a military coup has to happen here. Very well, but do you want a military dictatorship? No, I am a democrat, but I believe it has to happen in order for the picture to change and so that things can begin to be straightened out again.

This tendency is increasing. It is the same one that emerged in Peru, supporting Fujimori, and it is the reason why a Peruvian journalist asked me whether it is not true that there are many Venezuelans here who applaud Fujimori's actions, and it is true. But it is because there is great yearning for the change that must come.

[Granier] Might not people be suggesting to the president that he do something similar to what Fujimori did? Or to say it differently, if this death squad, or these mercenaries, or this Cobra Negra that they have invented, if some of these...?

[Caldera] No, they would have to see a psychiatrist because Fujimori did it when his popularity was very high and at the beginning of his administration. But President Perez in the situation in which he finds himself....

[Granier] And if there was a situation of great civil unrest, where people are demanding order?

[Caldera] But it would be madness, a stupidity without measure or justification. Now, Marcel, I believe there have been two different phases. I think that at some point even the minister of defense said so, but with an interpretation different from mine. There was one phase that lasted until 10 March 1992 and another from 8 April 1992 onward. On 10 March there was the "cooking pot revolt." At that moment, the country had the feeling that the entire country was against the official political leadership and wanted a radical change of government. When the business of the whistles happened, it did not create the same effect. First, because whistles were not the ideal instrument to reach the people. The honking of automobile horns in the final days of Perez Jimenez was much more effective, the honking of automobile horns during the day. But the whistles did not manage to make much of an impression. In the second place, because some maniacs decided to call a national strike that was not justified, that made no sense. People did not support it, and the strike failed. [end Caldera]

From then on, he said, the yearning for change became paralyzed, and Pinerua said that the subversive outbreaks had been quelled. President Perez said the same thing.

Caldera also referred to the ceremony at Miraflores on 2 March 1992, when the legislative houses were installed and where Perez announced important changes but then appeared on "Primer Plano" the following Sunday and says that his policies have been perfect, that everyone agrees, that he does not have to change anything.

[Caldera] Then how can the country believe in the word of the president, who says one thing today and something diametrically opposed three days later? Well, that is what is happening to the country, and the country is not swallowing the thesis that things are changing. [end Caldera]

The former president enumerated the ills that are afflicting Venezuelans, such as the high cost of living, concern for personal safety, corruption, and very poor public services. In his view, a possible solution is to open the way to a new alternative, a new hope. If not, nothing will be resolved.

He indicated that the Emparan example is the solution, what General De Gaulle did in France, the case of Alfonso Lopez Pumarejo in Colombia.

[Caldera] It is wrong for the president to think that it is better to complete his term under any circumstances and at any cost. [end Caldera]

Caldera reiterated that the person who replaces Perez must be honest, a distinguished professional, who starts out with a new team and who offers hope to the country.

Finally, he spoke in favor of appointment of members of the Supreme Electoral Council by the Supreme Court of Justice, with three-fourths of the vote, rather than by Congress. This would ensure four independent members.

## * Tercero Camino Leader Bravo Interviewed

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[Interview with Douglas Bravo by Manon Kubler; place and date not given—first paragraph is introduction]

[Text] After 4 February, Douglas Bravo contacted several reporters. He wanted to talk about his new militant stance. He attacked an alleged U.S. plan to efface Latin America's cultural roots and spoke of meetings at which native religious traditions and spirituality were blended. This is one of the most recent interviews with the former guerrilla leader, who has been arrested by the Disip [Directorate of Intelligence and Prevention Services].

His profile is not that of the typical guerrilla fighter. His views are new, and his new reasons still being tried out. Leaning on the table, he considers with delight the solar system and other wonders of the universe. This master of words, now without weapons but with new paths to open up, is committed to a sort of struggle in which, rather than guns, his weapons are his soul and his voice that he has given to his brothers.

With a tone that seems to be beating out each minute of his time, a tone that at times trembles with passion, Douglas has turned toward a third course [tercero camino] as an option. This interview will show the fury emerging from his conversation.

[Kubler] Who are you? Where are you [politically] now?

[Bravo] Essentially the same, but concerned. In the era that is coming right now, in this century, if we do not begin to fight the United States, which is dominating the planet, which will eat us up alive—and that is going to happen—a third upheaval will come. Democracies have been tried here. Dictatorships have been tried, and they have failed. The most recent one was the biggest mistake. So a third upheaval is going to come, but if that upheaval is not imbued with the religion and spirituality of our own traditions, we will not emancipate ourselves, we will still remain a colony.

[Kubler] How are you leading this movement? what you are saying? How have you created thousands of followers? Essentially, what is this spiritual language you advocate?

Kill yourself; that is the Tercero Camino?

[Bravo] I believe in seeking what we call our cultural history, our cultural historic memory. The government is trying to efface this memory. There is a plan you must know about, called Sante Fe Two, the Bush mission for Latin America. It emphasizes the cultural problem, for they know that is how they can get rid of us and get rid us quickly. That is why we need a counterplan to save this cultural historic memory, this mythology, this brotherhood of people who believe in this enormous community. There are already more than 15 million of us all over the continent.

[Kubler] You are talking about the entire continent. But Douglas Bravo, how can you lead this, as you are somewhat isolated from the world?

[Bravo] In the first place, we are not abandoning our natural ideas. I am calling for a daily effort so people will be able to live happily; we now have to internalize the word "happy" in our group. Being happy does not mean working for a salary, being happy is not just having a place to live, and trying to get a good job. Being happy means being spiritually emancipated.

[Kubler] But in what way? Opus Dei offers the same ideal: prayer and work. No ostentation.

[Bravo] In the first place, we believe in diversity, in a plurality of expressions of this magic thing. Plurality means that you can not express it in just one single way. Imagine that the sanctuary of Maria Lionza is so democratic that on one side is a statue of the Virgin Mary and on the other Bolivar, Guaicaipuro, and others. Trying to eradicate those beliefs would be the most tragic thing of all. We want to allow great diversity of expression.

[Kubler] Where do you meet? I assume that you act as the leader of all the people who have faith in you. There is a community, is there not?

[Bravo] Yes, there is, and I can tell you that the exact place where we meet is all over the country.

[Kubler] Try to be somewhat more informative. Knowing where you meet and how you command your people may bring in others to this pluralism of yours. Are you afraid that commanding may be confused with your life in the guerrilla movement or something like that?

[Bravo] No. That is not true. I do not command anyone.

[Kubler] If you do not command anyone, I am wasting my time with this interview. Obviously there is a head of the entire movement. I am not putting a papal hat on you; you are doing it yourself with all this humility.

[Bravo] That is not true. We are all over the country, and I do have a lot to do with it.

[Kubler] Then, the name of the group.

[Bravo] Tercero Camino got started because I joined with Fabricio Ojeda, whom later the PRV [Party of the

Venezuelan Revolution] killed in the DIM [Military Intelligence Directorate]. There were a lot of us there, Valero Mora and some other people as well. After '75, we were utopian. There is no happiness in Marxism either; it has to be sought. Simon Rodriguez helped me. We are not a party, we have to see about that...a third war is coming...the country is on the verge of a breakup, the president is virtually isolated. Isolated from the students, from the other parties, and with a grave conflict in the military. As that breakup approaches, we want another government that will not just run things as business as usual from Miraflores. We will make that breakup our own in the name of Tercero Camino.

[Kubler] Then you we are a sort of pro-coup leader, with traces of spirituality.

[Bravo] We are utopian; we want our community to have its own true style, even its own manner of eating.

[Kubler] What about religion?

[Bravo] I have been Catholic, Christian...I used to be an altar boy.

[Kubler] That is true of all of us, even I was.

[Bravo] From there I moved to Marxism and years later to liberation theology, but without being a Jesuit.

[Kubler] Where were you born?

[Bravo] In a town that is not even on the map...in a place in Falcon. A very strange priest came there; he was a Basque, who took land from the rich and turned it over to the poor. When I saw that, I wanted to be like him....

[Kubler] Of course, communism contains the base of capitalism. Taking what is not your own seems to be very much like what the rich do to the poor.

[Bravo] That had enormous repercussions for me, so much so that I went to Caracas to become a Communist Party militant. I had a group in the armed strugle of the Communist Party; I was responsible for organizing guerrilla cells that took part in the struggle. Many of them betrayed me, like Urbina, who is now a member of the CSE [Supreme Electoral Council]. That failure led us to do some serious thinking. Today's revolution must be organized differently.

[Kubler] How are you organizing the revolution now?

[Bravo] Breaking with all the philosophical and historic ideologies that came to us from Europe.

[Kubler] What do you mean by Europe?

[Bravo] Everything that has come to us since 1492. We are rebuilding our cultural historic memory to create a political and philosophical system born in our own Latin land.

[Kubler] That is where you are now, but you have not told me how you are infiltrating the bourgeoisie.

[Bravo] We are moving ahead in that. We want to meet on a level field where everyone is equal; there is something vital in each part of the planet. Each fringe of the plant is spiritual, but here we have nothing, we need to start over. Here priests, people from Maria Lionza, traditional spiritual leaders all meet together, almost every two weeks, and they are meeting in other parts of Caracas as well.

[Kubler] Where?

[Bravo] I will invite you to the next meeting.

[Kubler] I repeat, the bourgoisie before and after.

[Bravo] I do not want to talk about that.

[Kubler] Talk about it because getting this interview printed will depend on that.

[Bravo] Beatriz Diaz Legorburu was a prisoner during the first term of CAP [Carlos Andres Perez]. He is also the one who released Alba Reveron, Luis Febres Cordero....

[Kubler] Tell me about the man named Phelps.

[Bravo] There was a Phelps from France who met with a guerrilla member whom I sent in a delegation. He was once a guest in my house.

[Kubler] What is your connection with Olga Mhausser? Is she part of Tercero Camino?

[Bravo] I am going to invite you to a meeting so you can get to know her, and also some other people in the bourgeoisie and intellectuals, plus some other people, like businessmen, who are involved in this spiritual search.

[Kubler] Like whom?

[Bravo] Maria Teresa Boulton and her son, who has another group.

[Kubler] What about Liscano?

[Bravo] In Liscano's mother's house, I was able to live underground and was treated with respect.

[Kubler] Douglas Bravo is and will be, par exellence, a great catch, a man whom patriotic justice wants to have. Bravo has played hide and seek; he has escaped through walls and over bridges. He has relished the most refined tortures. He has used a creative range of disguises, sampled various forms of nationalism. Today his burgeoning and well-known guerrilla movement seems rooted in a spirituality that, he says, arouses great emotion among those in the government.